



Northern Michigan Regional Entity

Board Meeting

May 22, 2024

1999 Walden Drive, Gaylord

10:00AM

Agenda

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a. Board	
b. Staff/CMHSP CEOs	
c. Public	
15. Next Meeting Date – June 26, 2024 at 10:00AM	
16. Adjourn	

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Conference ID: 497 719 399#

**NORTHERN MICHIGAN REGIONAL ENTITY
BOARD OF DIRECTORS MEETING
10:00AM – APRIL 24, 2024
GAYLORD BOARDROOM**

ATTENDEES:	Bob Adrian, Ed Ginop, Gary Klacking, Eric Lawson, Greg McMorrow, Michael Newman, Gary Nowak, Jay O’Farrell, Ruth Pilon, Karla Sherman, Don Smeltzer, Don Tanner, Chuck Varner
VIRTUAL ATTENDEES:	Tom Bratton
ABSENT:	Richard Schmidt
NMRE/CMHSP STAFF:	Bea Arsenov, Brian Babbitt, Jodie Balhorn, Carol Balousek, Brady Barnhill, Lisa Hartley, Chip Johnston, Brooke Kleinert, Eric Kurtz, Brian Martinus, Diane Pelts, Pamela Polom, Nena Sork, Denise Switzer, Deanna Yockey
PUBLIC:	Chip Cieslinski, Dave Freedman, Amy Horstman, Christian Marcus, Susan Pulaski, Kara Steinke, Ellen Templeton, Sue Winter

CALL TO ORDER

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

ROLL CALL

Let the record show that Richard Schmidt was absent for the meeting on this date; all other NMRE Board Members were in attendance either in Gaylord or virtually.

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 changes to the meeting agenda were proposed.

MOTION BY KARLA SHERMAN TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS MEETING AGENDA FOR APRIL 24, 2024; 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 GARY NOWAK TO APPROVE THE MINUTES OF THE MARCH 27, 2024 MEETING OF THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS; SUPPORT BY ERIC LAWSON. MOTION CARRIED.

CORRESPONDENCE

- 1) A memorandum from Belinda Hawks, Director of Adult Home and Community Based Services Division of the Behavioral and Physical Health and Aging Services Administration (BPHASA) at MDHHS, dated March 21, 2024 regarding 1915(i) Enrollment for Children's Services.
- 2) Email correspondence from Bob Sheehan, CEO of the Community Mental Health Association of Michigan, dated April 5, 2024 to CMHSP and PIHP CEOs and Provider Alliance Members "Clearing up Misconceptions regarding CFAP and Opposition to MDHHS Proposal."
- 3) Slide deck from MDHHS Presentation dated April 1, 2024 on Conflict-Free Access and Planning Implementation.
- 4) Quarter 1 FY24 regional Performance Indicator Report.
- 5) Quarter 1 FY24 statewide Performance Indicator Report.
- 6) Email correspondence from Kelsey Bowen, Opioid Health Home Service Delivery Transformation Section of the Behavioral and Physical Health and Aging Services Administration (BPHASA) at MDHHS, dated April 12, 2024 announcing that the NMRE earned its full Pay-for-Performance (P4P) amount plus additional funds due to other regions not hitting their P4P measures.
- 7) The draft minutes of the April 10, 2024 regional Finance Committee meeting.

Mr. Kurtz highlighted the Conflict-Free Access and Planning (CFAP) information provided by CMHAM and MDHHS. The implementation of these plans continues to be questioned. MDHHS wants to see an (organizational) separation between those who do assessments and those who do services planning. Region 2 currently separates these functions by provider but not all by organization.

It was noted that the statewide Performance Indicator report shows that the NMRE has the highest penetration rate in the state.

Ms. Sherman inquired about the meeting that took place between regional leadership and Rep. Betsy Coffia (103rd House District) on March 4th. Mr. Kurtz responded that it was a positive conversation though he's had no additional feedback. Information requested by Rep. Coffia had been provided by Centra Wellness. Ms. Sherman stressed the need to educate legislators on various mental health-related topics and state mandates.

ANNOUNCEMENTS

Mr. Kurtz recognized the retirement of NMSAS Recovery Center Executive Director, Sue Winter, effective April 26, 2024. Samantha Borowiak has been hired as her replacement.

PUBLIC COMMENT

- Former NMRE Board Member, Christian Marcus, announced that he is running for Representative of Michigan's 105th House District, which covers portions of Otsego, Crawford, Kalkaska, Oscoda, and Roscommon Counties.
- Susan Pulaski, Project Coordinator for SAFE in Northern Michigan Prevention Coalition (Antrim, Charlevoix, and Emmet Counties) expressed her appreciation for the support that the NMRE has given to the youth coalition through liquor tax funding.

- Ellen Templeton, Project Coordinator for RISE Otsego Substance Free Coalition expressed her appreciation for the support that the NMRE has given to the youth coalition through liquor tax funding.

PRESENTATION

PhotoVoice

Amy Horstman, Community Health Coordinator with the Health Department of Northwest Michigan was in attendance to present on the Drug-Free Northern Michigan (DFNM) 21-County Alliance Photovoice Project. In PhotoVoice, participants take photographs and provide narratives to translate their experiences into a visual representation. For this project, which was supported with liquor tax funds, youth were asked to comment on the positive and negative influences on youth substance use by responding to one of the following framing questions:

- 1) *What influences youth to use substances?*
- 2) *What influences youth to stay substance free?*
- 3) *What could be done to increase the number of youth who are substance free?*

Submissions were received from youth representing the counties of Alcona, Alpena, Antrim, Charlevoix, Emmet, Montmorency, and Presque Isle.

The PhotoVoice project was shared with the Board. The PhotoVoice project was also shared during the DFNM 21-County Alliance meeting on April 19th, which included legislative staffers as attendees. The project will next be presented at various Town Halls throughout the region.

A regional media campaign will be created by MacDonald Garber Broadcasting based on the content of the submissions; these will show as advertisements on prominent webpages.

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 2024 was included in the materials for the meeting on this date. Mr. Kurtz highlighted the gathering at North Country CMHA on April 10th to introduce McLaren Northern Michigan's Chief Medical Officer, John Kennedy, MD. McLaren Northern Michigan.

February 2024 Financial Report

- Net Position showed net surplus Medicaid and HMP of \$2,577,994. Carry forward was reported as \$11,624,171. The total Medicaid and HMP Current Year Surplus was reported as \$14,202,165. The total Medicaid and HMP Internal Service Fund was reported as \$20,576,156. The total Medicaid and HMP net surplus was reported as \$34,778,321.
- Traditional Medicaid showed \$86,296,279 in revenue, and \$81,660,704 in expenses, resulting in a net surplus of \$4,635,575. Medicaid ISF was reported as \$13,510,136 based on the current FSR. Medicaid Savings was reported as \$845,073.
- Healthy Michigan Plan showed \$11,609,868 in revenue, and \$13,667,449 in expenses, resulting in a net deficit of \$2,057,581. HMP ISF was reported as \$7,066,020 based on the current FSR. HMP savings was reported as \$10,779,098.

- Health Home showed \$1,173,810 in revenue, and \$1,013,493 in expenses, resulting in a net surplus of \$160,317.
- SUD showed all funding source revenue of \$12,872,838 and \$11,515,860 in expenses, resulting in a net surplus of \$1,356,978. Total PA2 funds were reported as \$4,759,803.

Eligibles are trending down faster than what will be offset by the April 1st rate increase. The increased rates will be retroactive to October 1, 2023; revenue that would have been received from October through March will be added to the April through September payments. The NMRE is working on preliminary numbers showing the effect, if any, of the rate increase. More will be known after the April payments are received.

Ms. Sherman asked about Medicaid reenrollment efforts. An increase in retroactive reinstatements is anticipated. The CMHSPs are hyper focused on getting individuals reenrolled and at the proper level.

Ms. Yockey noted that the final quarter of the fiscal year (July 1st through September 30th) generally shows elevated expenditures. The region is currently losing about 2,000 eligibles a month, which is higher than Milliman anticipated, leading to the rate change.

MOTION BY GARY NOWAK TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY MONTHLY FINANCIAL REPORT FOR FEBRUARY 2024; SUPPORT BY JAY O'FARRELL. MOTION CARRIED.

Operations Committee Report

The draft minutes from April 16, 2024 were included in the materials for the meeting on this date.

Ms. Sherman asked whether a waiver from Electronic Visit Verification (EVV) requirements can be requested. Mr. Kurtz pointed to the federal EVV requirements under the 21st Century Cures Act.

Mr. Johnston asserted that the Department's approaches are "way over the top" and the Department seems to lean on vendors who benefit from their contract as opposed to managing the vendor. New mandates should be run through the rural caucus before they are promulgated in policies. Mr. Lawson spoke on behalf of the CMH Political Action Committee (PAC).

NMRE SUD Oversight Committee Report

The next meeting of the NMRE Substance Use Disorder Oversight Committee is scheduled for May 6, 2024 at 10:00AM.

NEW BUSINESS

Election of Officers/NMRE Board Nominating Committee Report

The draft minutes of the April 12, 2024 NMRE Board Nominating Committee were included in the materials for the meeting on this date. The NMRE Board Nominating committee recommended the following slate of 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)

MOTION BY GARY NOWAK TO APPROVE THE SLATE OF NORTHERN MICHIGAN REGIONAL BOARD OFFICERS recommended BY THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD NOMINATING COMMITTEE; SUPPORT BY GREG MCMORROW.

Mr. Tanner called three times for additional nominations from the floor; none were voiced.

Voting took place on Mr. Nowak’s motion. Motion carried.

The newly elected officers will assume their positions at the next NMRE Board meeting on May 22, 2024.

OLD BUSINESS

Northern Lakes CMHA Update

The Human Resources review by Rehmann has been finalized. A report should come before the NMRE Board in May or June. The forensic investigation is underway. Mr. McMorrow added that revised bylaws were adopted by Northern Lakes CMHA Board of Directors during its meeting on April 18, 2024.

Liquor Tax Parameters

A list of proposed parameters for liquor tax applications were included in the materials and discussed during the meeting as follows:

- The NMRE will update projected end balances for each county for the current fiscal year monthly. New applications will be compared to projected end balances to ensure that there is adequate funding in the county to financially support the request.
- If possible, depending on SUD Block Grant usage, a balance equivalent to one year’s revenue will remain as a fund balance for each county.
- Project requests for services that can be covered by routine funding from other sources (Medicaid, Healthy Michigan) will not be considered.
- To be considered, applications must be for substance use disorder prevention, treatment, or recovery services or supports.
- Region-wide (21 county) requests should be limited to media requests; other region-wide requests will be evaluated on a case-by-case basis.
- Multi-county requests (2 or more) must include detailed information on the provision of services and/or project activities for each county from which funds are requested.
- Staff who receive staffing grants via liquor tax approvals will not be eligible to bill services to the NMRE.
- Applications that include any purchase of buildings or automobiles, renovations of any kind, or any other capital investments* will not be considered.
- Budget Requirements:
 - Budgets must include information in all required fields.
 - Fringe benefit budget requests that exceed 30% should be broken out by Health, Dental, Vision, Retirement, taxes, etc. totals and be subject to NMRE staff and Board approval.

- Indirect costs, when applicable, should **not** exceed 10% of the requested budget total.
- Liquor tax funds may be used to cover up to one FTE (across all projects) per person.
- The amount requested for salaries should be based on the staff person's actual salary and not the billable rate.
- All staff participating in PA2 funded activities are to be listed under budget FTEs (not under indirect cost).
- Requests for liquor tax funds should be coordinated with area stakeholders (CMHSPs, SUD Oversight Committee Members, County Commissioners, courts, law enforcement, SUD services providers) whenever possible.
 - Requestor should inform the county of the request submission at the same time submission to NMRE is completed.

* *"Capital investment" refers to funds invested in a company or enterprise to further its business objectives. Capital investments are often used to acquire or upgrade physical assets such as property, buildings, or equipment to expand or improve long-term productivity or efficiency. (Source: Nasdaq)*

If at the end of the NMRE's fiscal year there is excess SUD Block Grant funding available, it will be used to offset liquor tax expenses as opposed to lapsing SUD Block Grant funding. In reverse, if SUD Block Grant funding runs a deficit, PA2 funding is used for treatment deficits, normally for under or uninsured clients.

Mr. Tanner Don suggested that an Annual Report be issued detailing liquor tax activity which can be shared with community stakeholders.

Mr. Adrian suggested that Boards of Commissioners have an annual meeting with courts, sheriff, etc. to discuss liquor tax funds their use.

MOTION BY ERIC LAWSON TO ADOPT THE PARAMETERS FOR LIQUOR TAX USE AND APPLICATIONS AS PRESENTED AND REVIEWED ON THIS DATE; SUPPORT BY DON SMELTZER. MOTION CARRIED.

COMMENTS

Board

- Mr. Adrian thanked Ms. Pulaski and Ms. Templeton for the work they do in youth substance prevention.
- Mr. Smeltzer referenced an article by Mardi Link dated April 20, 2024 in the Traverse City Record Eagle titled, "Northern Lakes Staff, Board Grapple with Challenges." The article reported that during the April 18th Northern Lakes CMHA Board Meeting, a staff member expressed her disappointment with the behaviors of several board members, calling them inappropriate. Mr. Smeltzer said that Board Members need to make decisions based on what's right for the "whole operation." Board Members take time out of their lives to serve because they believe in the mission they are helping to fulfill.
- Mr. McMorro thanked Mr. Tanner for his three years of services as NMRE Board Chair.
- Mr. O'Farrell asked if a television monitor could be placed on south wall of the Boardroom.

Staff/NMRE CEOs

Mr. Babbitt expressed appreciation for the Board's support related to growing Department mandates and compliance challenges.

Ms. Arsenov announced that the NMRE earned its full Pay for Performance (P4P) withhold of \$209,042.82 plus and additional \$62,794.23 due to other regions not meeting all the required metrics for the Opioid Health Home. Program. The NMRE will pass all of the \$217,837.06 total amount to its Opioid Health Home partners.

NEXT MEETING DATE

The next meeting of the NMRE Board of Directors was scheduled for 10:00AM on May 22, 2024.

ADJOURN

Let the record show that Mr. Tanner adjourned the meeting at 11:36AM.

DRAFT

PIHP CEO Meeting
April 4, 2024
9:30 a.m. – 12:00 p.m.
Microsoft Teams Meeting

Contents

Attendees

Public Health Emergency Unwind

Integrated Care Division

HCBS Update

PRTF Update

Children's Bureau Update

Public Health Emergency Unwind

1. Nicole Hudson provided information surrounding the Public Health Emergency Unwind.
 - a. May Cohort went through the passive renewal process and is the last PHE unwind efforts.
 - b. Will resume normal Medicaid operations in June and continue to renew benefits as it was done in the last year.
 - c. Working to keep some of the pieces for beneficiaries, such as the text messaging, updating when packets are in the mail, end of the month reminders, and address updates.
 - i. CMS released a new rule to keep some of the pieces that were beneficiary friendly as well.
 - ii. MDHHS will try to find ways to meld them into our permanent process and over the next few months, will stop whatever processes we do not have authority to continue.
 - iii. CMS has given permission to some of the waivers for the next couple of months or through 2024, depending on when the authority ends.
 - d. The May Cohort has the same flexibility for the one-month procedure termination.
 - i. Packets that go out in the next month will have until the end of June to turn it back in.
 - ii. Affords the 90-day reconsideration period (after June) to have their coverage reinstated.
 - e. Regarding those who lost their coverage due to the online process.
 - i. Random sample of beneficiaries showed 40-50% moved into the HMP category because they lost their SSI.
 - ii. Mary Marlatt-Dumas created a dashboard and will share more later.
 - iii. The conversation regarding this topic will continue.

Integrated Care Division

1. Matt Seager provided Integrated care updates.
 - a. MiHealth link will transfer to Sunset.
 - i. Right of first refusal previously offered to PHIPs may be replaced by a new model. More information to come.
 - ii. The goal is to create a more robust care coordination model.
 - iii. Will include a coordinating agreement that will be similar to the agreement seen between the PHIP and Medicaid health plans.
 - iv. Waiver programs may change.
 - v. Coordinating agreement, Matt has a draft and will share via email when complete.

HCBS Update

1. Belinda Hawks provided HCBS updates.
 - a. Conflict free access and planning.
 - i. Met with this group for the rollout and implementation plan, as well as the CMHP directors and advocate partners.
 - ii. Have plans to also meet with people served for feedback sessions.
 - iii. Provider networks also participated in a survey.
 - iv. As a result of the meetings, and future meetings, an FAQ document will be created and shared soon regarding questions, concerns, or need for clarity.

- v. 10/1 is still the targeted date for implementation. Unique exceptions may be accepted if there is a good faith effort underway and that we have an implementation expectation around when the plan is submitted to the department for review and approval.
 - vi. Timeline may be moved out from May to early to mid-summer to ensure the group has the resources, information, templates, documentation etc. to submit plans successfully.
 - vii. Waiver renewals are still underway. 1915c and 1915i are under amendment and 1115 just completed public comment and will be submitting application soon. Look for the public comment to start on the 1915 waiver shortly.
2. Michelle Hill provided updates for Electronic Visit Verification (EVV).
- a. CURES Act requires that all states implement an EVV for all Medicaid covered personal care services and home health care services that require an in-home visit by a provider.
 - i. Michigan is currently paying a penalty and working to get out from under the penalty by having all program up and running by the end of this fiscal year.
 - ii. There are seven programs impacted. Behavioral Health, Home Health, Home Help, MI Health Link, MI Choice, Medicaid Managed Home Health Care Services and Community Transition Services.
 - b. Behavioral Health Implementation.
 - i. Looking at in scope services for those personal care: CLS, community living supports, and respite services.
 - ii. The department is looking to implement a three-phase approach.
 - Home Health Fee for Service (went live April 1st)
 - Home Help- slated to go live July 1st.
 - MI Health Link, MI Choice, Medicaid Managed Home Health Care and Community Transition Services slated to go live September 3rd.
 - iii. MDHHS selected an open vender model which is a hybrid option that offers a state offered solution as well as an integration option for third party vendors so long as they satisfy the CMS requirements. HHA Exchange was the vendor awarded the contract for the state offered solution.
 - iv. Additional information will be forthcoming for the hybrid model third party interface.
 - v. February updates went out via email.
 - Implementation dates.
 - Live in caregiver exemption (process for requesting and identifying live in caregivers will be forthcoming).
 - Reminder for key pieces that will be needed to prepare for September launch. (enrollment in CHAMPS, reminder for those that needed an NPI).
 - vi. There are standing weekly meetings scheduled for technical specifications with HHA X.
 - vii. Will provide a finalize copy of the timeline on when you can expect file transfers, welcome letters, training etc.
 - viii. MDHHS website does have a EVV section that will continue to be updated as the process evolves.
 - ix. HHA X team created an info hub specific to Michigan which includes training, prior meetings and PPT, fact sheets etc.

HHAExchange Michigan info hub [Michigan EVV \(Electronic Visit Verification\) | HHAExchange](#)

MDHHS EVV website [Electronic Visit Verification \(michigan.gov\)](#)

EVV related questions can be submitted to MDHHS-EVV@Michigan.gov

PRTF Update

1. Belinda Hawks provided PRTF updates.
 - a. Continued conversations with potential new providers or PRTFs (program for youths 21 and under that have significant SUD/SMI diagnosis).
 - i. We do have CMHP participation in the plans of service conversations once the youth and/or adult is admitted to our PRTF or ICTS contracted settings. Would like to continue to encourage the CMH partnership with the department as we look at discharge and transition planning for all those who might be admitted to one of these settings.
 - ii. Unable to extend the 180-day timeline. When someone is admitted, it's for a 90-day authorization with a renewal of another 90 days (if needed).
2. Kristen Jordan PRTF additions.
 - a. Continued conversations regarding additional providers and expanding capacity and improving our throughput. Hopes to have further updates next month.

Children's Bureau Update

1. Kim Batsche-McKenzie, and Phil Kurdunowicz presented updates from the Children's Bureau.
 - a. Discontinuing the CAFAS PECFAS at the end of this fiscal year (September 30th)
 - Some plan may continue to use, but the department will no longer be requiring it or using it for any eligibility or service determinations.
 - b. We continue to do some MI Kids funded initiatives with Childrens Therapeutic Foster Care and we may have an opportunity for an opening for a site for next fiscal year. Let Kim know if you are interested.
 - c. MichiCANS update.
 - Closing out the soft launch.
 - Using lessons learned for the implementation.
 - Hard launch will be Oct 1st.
 - Training will be in three cohorts.
 - o Cohort 1 training has been rolled out for April, May and June. In order to have training space for Cohort 2 & 3 we need as many clinicians and staff to attend Cohort 1 as possible.
 - i. Working through the contracts process with the PHIPs and CMHs as well as the related policy change for the Medicaid Provider Manual to integrate the MichiCANS.
 - ii. Soft launch within the Children Services Administration has officially started in April. Health Liaison Officers (HLOs) within the soft launch sites are completing the MichiCANS Screener for new entries in foster care within the first 30 days of entry.
 - iii. Conversations with department staff regarding hospitals and psychiatric residential treatment facilities on the use of MichiCANS over the next year.

- d. Internship program for students working in public settings and working towards clinical careers in underway. Partnering with MPHI, schools, and practice sites to launch the internship program. Stay tuned for more information.
- e. State plan amendments.
 - i. Pulling wraparound out of the SD waiver and imbedding intensive care coordination wraparound in the state plan. Some initial implementations may occur Oct. 1st, in alignment with the waiver renewal, but there may be further evolutions in the program in the next 2-3 years.
 - ii. Parent support partners. The parent-to-parent service piece will transition to the state plan. Implementation is slated for Oct. 1st.
- f. Wavier renewals update. looking at expanding the number of slots for the children's waiver program. Potentially up to 100 slots.

May 9, 2024

<Provider Name>
 <Provider Address 1>
 <Provider Address 2>
 <City> <State> zipcode5-zipcode4

Dear Provider:

RE: Direct Care Worker Wage Increase

This letter replaces [Numbered Letter L 23-64](#), that was sent on September 27, 2023.

Pursuant to Public Act 119 of 2023, the Michigan Department of Health and Human Services (MDHHS) will implement a wage increase for direct care workers, to be included on an ongoing basis. This applies to the MDHHS programs and service codes listed below:

Program Name	Services	Related HCPCS Codes
MI Choice Waiver	Community Living Supports, Respite, Adult Day Health, Residential Services	H2015, H2016, S5150, S5151, S5100, S5101, S5102, T2032, T2033
MI Health Link	Expanded Community Living Supports, Personal Care, Respite, Adult Day Program	H2015, S5150, T1019, S5100, S5101, S5102
Behavioral Health	Community Living Supports Overnight Health and Safety Supports Personal Care Prevocational Services Respite Skill Building ABA Adaptive Behavior Treatment ABA Group Adaptive Behavior Treatment ABA Exposure Adaptive Treatment Crisis Residential Services Residential Services -SUD Residential Services – Co-occurring SUD/MH Withdrawal Management – SUD Supported Employment	97153, 97154, 0373T, H0025, H0019, H0010, H0012, H0014, H0018, H2014, H2015, H2016, T2027, T1020, T2015, S5151, T1005, H2023

General wage increase requirements

- The wage increase applies for services provided October 1, 2023, forward and is intended to cover an additional \$0.85 per hour increase in direct care worker wages, along with an additional \$0.11 per hour for agencies to cover their costs associated with implementing this increase.
- This amount supplements the \$2.35 per hour increase (plus an additional \$0.29 for agencies) previously appropriated for direct care worker wage increases, bringing the total to \$3.20 per hour for direct care workers and an additional \$0.40 per hour for agencies.
- Consistent with L-22-10, the \$2.35 per hour increase should be paid in addition to the worker's regular wage but cannot be less than the wage being received by, or the starting wage offered to, a qualifying direct care worker on March 1, 2020. If the agency was not in business in March 2020, the direct care work must be paid at least minimum wage plus the \$2.35 wage increase amount.
- This additional \$ 0.85 per hour should be a base wage increase paid in addition to the worker's regular wage but cannot be less than the wage being received by, or the starting wage offered to, a qualifying direct care worker on September 30, 2023.
- The entirety of the two increases, totaling \$3.20 per hour, must be applied entirely to direct care worker wages.
- The \$3.20 and \$0.40 per hour amounts may be implemented by an equivalent as divided per billing unit.
 - Factoring in the prior year DCW wage increases, in addition to the FY24 increase, the payment would be \$0.80 per 15-minute unit for the direct care worker, and \$0.10 per 15-minute unit for the additional agency cost, totaling \$0.90 per 15-minute unit attributed to the DCW wage increase and employer costs.
- **Effective October 1, 2023, this wage increase, along with previously appropriated direct care wage increases (totaling \$3.20 per hour), should also be applied to direct care worker's indirect/administrative time (necessary time for the worker to complete associated direct care paperwork) and overtime.**
 - Overtime compensation for non-exempt employees is eligible for reimbursement at a rate of \$4.80 per hour for FY24.
 - Agencies would receive an additional \$0.60 per overtime hour to cover their additional costs associated with implementing this increase, making the total for overtime payments \$5.40 per hour including the \$4.80 per hour to the direct care worker and \$0.60 per hour to the employer.

- When overtime is billed in 15-minute units, the DCW would receive an additional \$1.20 per overtime 15-minute unit and the employer would receive an additional \$0.15 per overtime 15-minute unit, for a total of \$1.35 per 15-minute overtime unit.

Recordkeeping requirements

- Direct care worker agencies that are a network provider under a Medicaid managed care entity and/or their subcontractor must retain and be able to submit documentation upon request, either by the Department or their contracted managed care entities, that supports the distribution to direct care workers and that payments were made in accordance with the requirements in this letter.
- A direct care worker may choose to not receive the wage increase. This choice must be indicated in writing or electronically. This individual's employer must give back to the entity paying for services, as described in the table above, any funds allocated for this individual's wage increase.

Skilled Nursing Facilities (SNFs), Adult Foster Care (AFC) Homes and Homes for the Aged (HFAs)

SNFs, AFC homes and HFAs should follow guidance and reporting instructions provided on the MDHHS Coronavirus webpage at: https://www.michigan.gov/coronavirus/0,9753,7-406-98178_100722---,00.html under the Staffing tab and the "Direct Care Worker Resources" heading.

If you have questions, you may call Provider Support at 1-800-979-4662 or e-mail them at providersupport@michigan.gov.

An electronic version of this document is available at www.michigan.gov/medicaidproviders >> Policy, Letters & Forms.

Sincerely,



Meghan E. Groen, Director
Behavioral and Physical Health and Aging Services Administration

HOUSE BILL NO. 5725

May 14, 2024, Introduced by Reps. Alexander, St. Germaine, Martin, Kunse and Bierlein and referred to the Committee on Local Government and Municipal Finance.

A bill to amend 1976 PA 267, entitled
"Open meetings act,"
by amending section 3a (MCL 15.263a), as amended by 2023 PA 214.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3a. (1) A meeting of a public body held, in whole or in
2 part, electronically by telephonic or video conferencing in
3 compliance with this section and, except as otherwise required in
4 this section, all of the provisions of this act applicable to a
5 nonelectronic meeting, is permitted by this act in the following
6 circumstances:

7 (a) Before March 31, 2021 and retroactive to March 18, 2020,

1 any circumstances, including, but not limited to, any of the
2 circumstances requiring accommodation of absent members described
3 in section 3(2).

4 (b) Subject to subdivision (d), on and after March 31, 2021
5 through December 31, 2021, only those circumstances requiring
6 accommodation of absent members described in section 3(2). For the
7 purpose of permitting an electronic meeting due to a local state of
8 emergency or state of disaster, this subdivision applies only as
9 follows:

10 (i) To permit the electronic attendance of a member of the
11 public body who resides in the affected area.

12 (ii) To permit the electronic meeting of a public body that
13 usually holds its meetings in the affected area.

14 (c) Subject to subdivisions (d) ~~, (e), and (f),~~ **to (g)**, after
15 December 31, 2021, only in the circumstances requiring
16 accommodation of members absent due to military duty as described
17 in section 3(2).

18 (d) On and after March 31, 2021, for a public body that is an
19 agricultural commodity group, any circumstances, including, but not
20 limited to, any of the circumstances requiring accommodation of
21 absent members described in section 3(2). As used in this
22 subdivision, "agricultural commodity group" means any of the
23 following:

24 (i) A committee as that term is defined in section 2 of the
25 agricultural commodities marketing act, 1965 PA 232, MCL 290.652.

26 (ii) The state beef industry commission created in section 3 of
27 the beef industry commission act, 1972 PA 291, MCL 287.603.

28 (iii) The potato industry commission created in section 2 of
29 1970 PA 29, MCL 290.422.

1 (iv) The Michigan bean commission created in section 3 of 1965
2 PA 114, MCL 290.553.

3 (e) On and after ~~the effective date of the amendatory act that~~
4 ~~added this subdivision,~~ **February 13, 2024**, for a public body that
5 is responsible for the investment, administration, or management of
6 a municipal public employee retirement system, any circumstances,
7 including, but not limited to, any of the circumstances requiring
8 accommodation of absent members described in section 3(2). As used
9 in this subdivision, "municipal public employee retirement system"
10 means a retirement system as that term is defined in section 3 of
11 the protecting local government retirement and benefits act, 2017
12 PA 202, MCL 38.2803. A public body that is eligible to meet
13 remotely under this subdivision shall set and publish an attendance
14 policy that includes the determination of a quorum with 1 or more
15 members participating electronically.

16 (f) On and after ~~the effective date of the amendatory act that~~
17 ~~added this subdivision,~~ **February 13, 2024**, for a public body that
18 is a joint agency formed under article 3 of the Michigan energy
19 employment act of 1976, 1976 PA 448, MCL 460.831 to 460.848, any
20 circumstances, including, but not limited to, any of the
21 circumstances requiring accommodation of absent members described
22 in section 3(2). As used in this subdivision, "joint agency"
23 includes a joint agency's board of commissioners and any committee
24 of the joint agency.

25 (g) On and after the effective date of the amendatory act that
26 added this subdivision, any circumstances, including, but not
27 limited to, any of the circumstances requiring accommodation of
28 absent members described in section 3(2), for a public body that is
29 meeting as a board or other governing body of a prepaid inpatient

1 health plan, including a board or other governing body of a
2 regional entity described in section 204b of the mental health
3 code, 1974 PA 258, MCL 330.1204b, or of a community mental health
4 services program described in section 202 of the mental health
5 code, 1974 PA 258, MCL 330.1202, if all of the following conditions
6 are met:

7 (i) The public body has passed a resolution that permits its
8 members to participate remotely in meetings subject to this act.

9 (ii) At least a quorum of the public body attends the meeting
10 in person in a physical location open to the public as described in
11 section 3(1).

12 (iii) In addition to the 2-way communication required under
13 subsection (2), members of the public body participating remotely,
14 when speaking or voting, are visible to other members of the public
15 body and members of the general public who are attending the
16 meeting in person or remotely.

17 (2) A meeting of a public body held electronically under this
18 section must be conducted in a manner that permits 2-way
19 communication so that members of the public body can hear and be
20 heard by other members of the public body, and so that public
21 participants can hear members of the public body and can be heard
22 by members of the public body and other participants during a
23 public comment period. A public body may use technology to
24 facilitate typed public comments during the meeting submitted by
25 members of the public participating in the meeting that may be read
26 to or shared with members of the public body and other participants
27 to satisfy the requirement under this subsection that members of
28 the public be heard by others during the electronic meeting and the
29 requirement under section 3(5) that members of the public be

1 permitted to address the electronic meeting.

2 (3) Except as otherwise provided in ~~subsection~~**subsections**
3 **(1) (g) (ii) and** (8), a physical place is not required for an
4 electronic meeting held under this section, and members of a public
5 body and members of the public participating electronically in a
6 meeting held under this section that occurs in a physical place are
7 to be considered present and in attendance at the meeting for all
8 purposes.

9 (4) If a public body directly or indirectly maintains an
10 official internet presence that includes monthly or more frequent
11 updates of public meeting agendas or minutes, the public body
12 shall, in addition to any other notices that may be required under
13 this act, post advance notice of a meeting held electronically
14 under this section on a portion of the public body's website that
15 is fully accessible to the public. The public notice on the website
16 must be included on either the homepage or on a separate webpage
17 dedicated to public notices for nonregularly scheduled or
18 electronic public meetings that is accessible through a prominent
19 and conspicuous link on the website's homepage that clearly
20 describes its purpose for public notification of nonregularly
21 scheduled or electronic public meetings. Subject to the
22 requirements of this section, any scheduled meeting of a public
23 body may be held as an electronic meeting under this section if a
24 notice consistent with this section is posted at least 18 hours
25 before the meeting begins. Notice of a meeting of a public body
26 held electronically must clearly explain all of the following:

27 (a) Why the public body is meeting electronically.

28 (b) How members of the public may participate in the meeting
29 electronically. If a telephone number, internet address, or both

1 are needed to participate, that information must be provided
2 specifically.

3 (c) How members of the public may contact members of the
4 public body to provide input or ask questions on any business that
5 will come before the public body at the meeting.

6 (d) How persons with disabilities may participate in the
7 meeting.

8 (5) Beginning on October 16, 2020, if an agenda exists for an
9 electronic meeting held under this section by a public body that
10 directly or indirectly maintains an official internet presence that
11 includes monthly or more frequent updates of public meeting agendas
12 or minutes, the public body shall, on a portion of the website that
13 is fully accessible to the public, make the agenda available to the
14 public at least 2 hours before the electronic meeting begins. This
15 publication of the agenda does not prohibit subsequent amendment of
16 the agenda at the meeting.

17 (6) A public body shall not, as a condition of participating
18 in an electronic meeting of the public body held under this
19 section, require a person to register or otherwise provide the
20 person's name or other information or otherwise to fulfill a
21 condition precedent to attendance, other than mechanisms
22 established and required by the public body necessary to permit the
23 person to participate in a public comment period of the meeting.

24 (7) Members of the general public otherwise participating in a
25 meeting of a public body held electronically under this section are
26 to be excluded from participation in a closed session of the public
27 body held electronically during that meeting if the closed session
28 is convened and held in compliance with the requirements of this
29 act applicable to a closed session.

1 (8) At a meeting held under this section that accommodates
2 members absent due to military duty or a medical condition, only
3 those members absent due to military duty or a medical condition
4 may participate remotely. Any member who is not on military duty or
5 does not have a medical condition must be physically present at the
6 meeting to participate. This subsection does not apply to a meeting
7 of a public body held electronically under subsection (1)(d), (e),
8 ~~or (f)~~, or (g).

9 (9) This section must not be construed to prevent a public
10 body from doing any of the following:

11 (a) Permitting members of the public to observe and
12 participate remotely in any meeting of the public body.

13 (b) As to a public body described in subsection (1)(d), (e),
14 (f), or (g), except when required to make an accommodation
15 described in subsection (1)(c), either of the following:

16 (i) Applying conditions in addition to those described in this
17 section to the remote meeting attendance and participation of
18 members of the public body.

19 (ii) Prohibiting remote meeting attendance and participation of
20 members of the public body altogether.

Community Mental Health Association of Michigan

Purposes and roles within Michigan's public mental health system: State of Michigan and the state's CMHSPs and PIHPs

May 2024

PURPOSE OF THIS DOCUMENT

Key to sound policy making relative to Michigan's public mental health system¹ is a clear understanding of the roles played by the State of Michigan, the state's Community Mental Health Service Programs (CMHSPs) and Prepaid Inpatient Health Plans (PIHPs).

This document outlines these roles and will serve as a foundational document for dialogue and advocacy around statutory, policy, contract, and practice issues (in whole or as a source for relevant excerpts) with MDHHS, other executive branch offices, the State Legislature, the federal Centers for Medicare and Medicaid Services, CMHA members, advocacy organizations, persons served, local government officials, and other stakeholders.

A. ROLES AND RESPONSIBILITIES IMBEDDED IN STATUTE

The State of Michigan has a direct role in financially supporting and partnering with the state's CMHSPs and, by extension, entities created by the state's CMHSPs. Michigan's CMHSPs have been designed, with that design imbedded in Michigan's Mental Health Code, as **public comprehensive mental/behavioral health services providers, directly to tied to county government**. Parallel to this, Michigan's PIHPs have been designed to be either **CMHSPs holding the dual role of PIHP and CMHSP or entities created by the CMHSPs in a region defined by those CMHSPs**.

Relevant sections of Michigan law are provided below. All excerpts are from the Michigan Mental Health Code (330.xxx) and the Michigan Social Welfare Act (400.xxx).

Role of the state

State transfers responsibility for the delivery of public mental health services to the state's CMHSPs:

Michigan Mental Health Code

Sec. 116. Powers and duties of department

(b) Administer the provisions of chapter 2 so as to promote and maintain an adequate and appropriate system of community mental health services programs throughout the state. In the administration of chapter 2, it shall be the objective of the department to **shift primary responsibility for the direct delivery of public mental health services from the state to a community mental health services program** whenever the community mental health services program has demonstrated a willingness and capacity to provide an adequate and appropriate system of mental health services for the citizens of that service area.

State obligation to financially support the state's CMHSPs:

Michigan Mental Health Code

Sec. 202.

(1) The **state shall financially support**, in accordance with chapter 3, **community mental health services programs** that have been established and that are administered according to the provisions of this chapter.

¹ For the sake of simplicity, the terms "mental health" and "behavioral health" are used, in this document, to refer to services to persons with mental illness, emotional disturbance, intellectual/developmental disabilities, and/or substance use disorders.

Michigan Mental Health Code
Sec. 308. Financial liability of state

(1) Except as otherwise provided in this chapter and subsections (2) and (3), and subject to the constraint of funds actually appropriated by the legislature for such purpose, the state shall pay 90% of the annual net cost of a community mental health services program that is established and administered in accordance with chapter 2.

Role of county government as foundation and funder of CMHSP system

Counties establish Michigan's CMHSPs:

Michigan Mental Health Code
Sec. 210. Community mental health services program; election to establish; coordination of services

(1) Any single county or any combination of adjoining counties may elect to establish a community mental health services program by a majority vote of each county board of commissioners.

Michigan Mental Health Code
Sec. 212. Board; establishment; appointment of members

(1) Upon electing to establish a community mental health services program, the county or combination of counties shall establish a 12-member community mental health services board, except as provided in section 214, 219, or 222(2) or (5). Except as provided in subsection (2), each board of commissioners shall by a majority vote appoint the board members from its county. Recommended appointments to the board shall be made annually following the organizational meeting of the board of commissioners.

Michigan Mental Health Code
Sec. 226. Board; powers and duties

(1) The board of a community mental health services program shall do all of the following:

(c) In the case of a county community mental health agency, obtain approval of its needs assessment, annual plan and budget, and request for new funds from the board of commissioners of each participating county before submission of the plan to the department. In the case of a community mental health organization, provide a copy of its needs assessment, annual plan, request for new funds, and any other document specified in accordance with the terms and conditions of the organization's inter-local agreement to the board of commissioners of each county creating the organization. In the case of a community mental health authority, provide a copy of its needs assessment, annual plan, and request for new funds to the board of commissioners of each county creating the authority.

(f) Submit to each board of commissioners for their approval an annual request for county funds to support the program. The request shall be in the form and at the time determined by the board or boards of commissioners.

(2) A community mental health services program may do all of the following:

(a) Establish demonstration projects allowing the executive director to do 1 or both of the following:

(i) Issue a voucher to a recipient in accordance with the recipient's plan of services developed by the community mental health services program.

(ii) Provide funding for the purpose of establishing revolving loans to assist recipients of public mental health services to acquire or maintain affordable housing. Funding under this subparagraph shall only be provided through an agreement with a nonprofit fiduciary.

(b) Carry forward any surplus of revenue over expenditures under a capitated managed care system. Capitated payments under a managed care system are not subject to cost settlement provisions of section 236.

(c) Carry forward the operating margin up to 5% of the community mental health services program's state share of the operating budget for the fiscal years ending September 30, 2009, 2010, and 2011. As used in this subdivision, "operating margin" means the excess of state revenue over state expenditures for a single fiscal year exclusive of capitated payments under a managed care system. In the case of a community mental health authority, this carryforward is in addition to the reserve accounts described in section 205(4)(h).

(d) Pursue, develop, and establish partnerships with private individuals or organizations to provide mental health services.

(e) Share the costs or risks, or both, of managing and providing publicly funded mental health services with other community mental health services programs through participation in risk pooling arrangements, reinsurance agreements, and other joint or cooperative arrangements as permitted by law.

(f) Enter into agreements with other providers or managers of health care or rehabilitative services to foster interagency communication, cooperation, coordination, and consultation. A community mental health services program's activities under an agreement under this subdivision shall be consistent with the provisions of section 206.

Michigan Mental Health Code Sec. 204.

(1) Except as provided in subsection (4), a community mental health services program established under this chapter shall be a county community mental health agency, a community mental health organization, or a community mental health authority. A county community mental health agency is an official county agency. A community mental health organization or a community mental health authority is a public governmental entity separate from the county or counties that establish it.

Financial obligation of Michigan's counties for support of CMHSPs:

Michigan Mental Health Code Sec. 302. Financial liability of county

(1) Except as otherwise provided in this chapter and in subsection (2), **a county is financially liable for 10% of the net cost of any service that is provided by the department, directly or by contract, to a resident of that county.**

(2) This section does not apply to the following:

(a) Family support subsidies established under section 156.

(b) A service provided to any of the following:

(i) An individual under a criminal sentence to a state prison.

(ii) A criminal defendant determined incompetent to stand trial under section 1032.

(iii) An individual acquitted of a criminal charge by reason of insanity, during the initial 60-day period of evaluation provided for in section 1050.

Purposes of CMHSPs

Michigan Mental Health Code Sec. 206.

(1) The purpose of a community mental health services program **shall be to provide a comprehensive array of mental health services** appropriate to conditions of individuals who are located within its geographic service area, regardless of an individual's ability to pay. The array of mental health services shall include, at a minimum, all of the following:

- (a) **Crisis stabilization and response including a 24-hour, 7-day per week, crisis emergency service** that is prepared to respond to persons experiencing acute emotional, behavioral, or social dysfunctions, and the provision of inpatient or other protective environment for treatment.
- (b) **Identification, assessment, and diagnosis** to determine the specific needs of the recipient and to develop an individual plan of services.
- (c) **Planning, linking, coordinating, follow-up, and monitoring** to assist the recipient in gaining access to services.
- (d) **Specialized mental health recipient training, treatment, and support**, including therapeutic clinical interactions, socialization and adaptive skill and coping skill training, health and rehabilitative services, and pre-vocational and vocational services.
- (e) Recipient rights services.
- (f) Mental health advocacy.
- (g) **Prevention activities** that serve to inform and educate with the intent of reducing the risk of severe recipient dysfunction.
- (h) **Any other service approved by the department.**

Identity and roles of the state’s PIHPs as CMHSPs or Regional Entities formed by CMHSPs

Role of Michigan’s PIHPs:

Michigan Social Welfare Act:

Sec. 109f Medicaid-covered specialty services and supports; management and delivery; specialty prepaid health plans

(1) The department shall support the use of Medicaid funds for specialty services and supports for eligible Medicaid beneficiaries with a serious mental illness, developmental disability, serious emotional disturbance, or substance use disorder. **Medicaid-covered specialty services and supports shall be managed and delivered by specialty prepaid health plans chosen by the department. The specialty services and supports shall be carved out from the basic Medicaid health care benefits package.**

(2) **Specialty prepaid health plans** are Medicaid managed care organizations as described in section 1903(m)(1)(A) of title XIX, 42 USC 1396b, and are responsible for providing defined inpatient services, outpatient hospital services, physician services, other specified Medicaid state plan services, and additional services approved by the Centers for Medicare and Medicaid Services under section 1915(b)(3) of title XIX, 42 USC 1396n.

Standards for Michigan PIHPs:

Michigan Mental Health Code

Sec. 232b. Specialty prepaid health plans

(1) The department shall establish standards **for community mental health services programs designated as specialty prepaid health plans under the Medicaid managed care program** described in section 109f of the social welfare act, 1939 PA 280, MCL 400.109f. The standards established under this section shall reference applicable federal regulations related to Medicaid managed care programs and specify additional state requirements for specialty prepaid health plans.

Creation of regional entities (as the regional organizations that will serve as PIHPs for the CMHSPs in the region):

Michigan Mental Health Code

Sec. 204b. Regional entity

(1) A combination of community mental health organizations or authorities may establish a regional entity by adopting bylaws that satisfy the requirements of this section. A community mental health agency may combine with a community mental health organization or authority to establish a regional entity if the board of commissioners of the county or counties represented by the community mental health agency adopts bylaws that satisfy the requirements of this section. All of the following shall be stated in the bylaws establishing the regional entity:

(a) The purpose and power to be exercised by the regional entity to carry out the provisions of this act, including the manner by which the purpose shall be accomplished or the power shall be exercised.

(b) The manner in which a community mental health services program will participate in governing the regional entity, including, but not limited to, all of the following:

(i) Whether a community mental health services program that subsequently participates in the regional entity may participate in governing activities.

(ii) The circumstances under which a participating community mental health services program may withdraw from the regional entity and the notice required for that withdrawal.

(iii) The process for designating the regional entity's officers and the method of selecting the officers. This process shall include appointing a fiscal officer who shall receive, deposit, invest, and disburse the regional entity's funds in the manner authorized by the bylaws or the regional entity's governing body. A fiscal officer may hold another office or other employment with the regional entity or a participating community mental health services program.

(c) The manner in which the regional entity's assets and liabilities shall be allocated to each participating community mental health services program, including, at a minimum, all of the following:

(i) The manner for equitably providing for, obtaining, and allocating revenues derived from a federal or state grant or loan, a gift, bequest, grant, or loan from a private source, or an insurance payment or service fee.

(ii) The method or formula for equitably allocating and financing the regional entity's capital and operating costs, payments to reserve funds authorized by law, and payments of principal and interest on obligations.

(iii) The method for allocating any of the regional entity's other assets.

(iv) The manner in which, after the completion of its purpose as specified in the regional entity's bylaws, any surplus funds shall be returned to the participating community mental health services programs.

(d) The manner in which a participating community mental health services program's special fund account created under section 226a shall be allocated.

(e) A process providing for strict accountability of all funds and the manner in which reports, including an annual independent audit of all the regional entity's receipts and disbursements, shall be prepared and presented.

(f) The manner in which the regional entity shall enter into contracts including a contract involving the acquisition, ownership, custody, operation, maintenance, lease, or sale of real or personal property and the disposition, division, or distribution of property acquired through the execution of the contract.

(g) The manner for adjudicating a dispute or disagreement among participating community mental health services programs.

(h) The effect of a participating community mental health service program's failure to pay its designated share of the regional entity's costs and expenses, and the rights of the other participating community mental health services programs as a result of that failure.

(i) The process and vote required to amend the bylaws.

(j) Any other necessary and proper matter agreed to by the participating community mental health services programs.

(2) Except as otherwise stated in the bylaws, a regional entity has all of the following powers:

(a) The power, privilege, or authority that the participating community mental health services programs share in common and may exercise separately under this act, whether or not that power, privilege, or authority is specified in the bylaws establishing the regional entity.

(b) The power to contract with the state to serve as the Medicaid specialty service prepaid health plan for the designated service areas of the participating community mental health services programs.

(c) The power to accept funds, grants, gifts, or services from the federal government or a federal agency, the state or a state department, agency, instrumentality, or political subdivision, or any other governmental unit whether or not that governmental unit participates in the regional entity, and from a private or civic source.

(d) The power to enter into a contract with a participating community mental health service program for any service to be performed for, by, or from the participating community mental health services program.

(e) The power to create a risk pool and take other action as necessary to reduce the risk that a participating community mental health services program otherwise bears individually.

(3) A regional entity established under this section is a public governmental entity separate from the county, authority, or organization that establishes it.

(4) All the privileges and immunity from liability and exemptions from laws, ordinances, and rules provided under section 205(3)(b) to county community mental health service programs and their board members, officers, and administrators, and county elected officials and employees of county government are retained by a regional entity created under this section and the regional entity's board members, officers, agents, and employees.

(5) A regional entity shall provide an annual report of its activities to each participating community mental health services program.

(6) The regional entity's bylaws shall be filed with the clerk of each county in which a participating community mental health services program is located and with the secretary of state, before the bylaws take effect.

(7) If a regional entity assumes the duties of a participating community mental health services program or contracts with a private individual or entity to assume the duties of a participating community mental health services program, the regional entity shall comply with all of the following:

(a) The manner of employing, compensating, transferring, or discharging necessary personnel is subject to the provisions of the applicable civil service and merit systems and the following restrictions:

(i) An employee of a regional entity is a public employee.

(ii) A regional entity and its employees are subject to 1947 PA 336, MCL 423.201 to 423.217.

(b) At the time a regional entity is established under this section, the employees of the participating community mental health services program who are transferred to the regional entity and appointed as employees shall retain all the rights and benefits for 1 year. If at the time a regional entity is established under this section a participating community mental health services program ceases to operate, the employees of the participating community mental health services program shall be transferred to the regional entity and appointed as employees who shall retain all the rights and benefits for 1 year. An employee of the regional entity shall not, by reason of the transfer, be placed in a worse position for a period of 1 year with respect to worker's compensation, pension, seniority, wages, sick leave, vacation, health and welfare insurance, or another benefit that the employee had as an employee of the participating community mental health services program. A transferred employee's accrued benefits or credits shall not be diminished by reason of the transfer.

(c) If a participating community mental health services program was the designated employer or participated in the development of a collective bargaining agreement, the regional entity assumes and is bound by the existing collective bargaining agreement. Establishing a regional entity does not adversely affect existing rights or obligations contained in the existing collective bargaining agreement. For the purposes of this subsection, "participation in the development of a collective bargaining agreement" means that a representative of the participating community mental health services program actively participated in bargaining sessions with the employer representative and union or was consulted during the bargaining process.

PIHPs as public substance use disorder coordinating organization:

Michigan Mental Health Code
Sec. 210.

(1) Any single county or any combination of adjoining counties may elect to establish a community mental health services program by a majority vote of each county board of commissioners.

(2) A **department-designated community mental health entity** shall coordinate the provision of **substance use disorder services in its region** and shall ensure services are available for individuals with substance use disorder.

B. ROLES AND RESPONSIBILITIES OF CMHSPS AND PIHPs IN MICHIGAN'S MEDICAID WAIVERS

CMHSPs as Comprehensive Specialty Services Networks (CSSN): Michigan's managed behavioral health Medicaid program is built on a structure that designates Michigan's CMHSPs as comprehensive providers receiving sub-capitation payments.

Since the 1998 implementation of the Michigan Medicaid Managed Specialty Supports and Services Program and subsequent federal waiver authorities, CMHSPs were designated as Comprehensive Specialty Services Networks (CSSNs) and are expected to create and maintain Provider Specialty Services Networks (PSSNs). This has been the state's expectations for all CMHSPs and is the very foundation for Michigan's unique managed care "carve-out" sole source contractual arrangement with the public community mental health system.

These roles are outlined in a number of foundational documents of Michigan's behavioral health Medicaid program, excerpts of which are provided below:

Michigan Department of Community Health; [Revised Plan for Procurement](#) of Medicaid Specialty Prepaid Health Plans; Final Version; September 2000

... CMHSPs in the affiliation would be eligible for a special provider designation – that of **"Comprehensive Specialty Service Network" (CSSN)** – that affords them special consideration in the provider network and qualifies them to receive a sub-capitation from the PHP or hub-CMHSP.

In practice - CMHSPs as core providers in PIHP network with variation for SUD services: The state's CMHSPs are the prime mental health service providers funded by the PIHPs in their regions (where regional entity PIHPs exist), with the exception of substance use disorder services. Substance use disorder services are managed and purchased, by the state's PIHPs, in their SUD coordination role from a variety of providers, some of whom may be CMHSPs.

Sub-capitation with risk sharing as an allowable form of financing: Subcapitation between the state's PIHPs and the CMHSPs in their region (for PIHPs that are regional entities of CMHSPs) is allowed form of financing of the state's CMHSPs. This form of financing is the most advanced form of value-based healthcare financing.

Michigan Department of Community Health; Specialty Pre-Paid Health Plan 2002 application for participation; January 2002

Sub-capitation: An applicant **may sub-capitate for shared risk with affiliates** or established risk-sharing entities.

Responsibilities of PIHPs: The functions for which the current PIHPs are responsible, whether directly carried out by the PIHPs or by their member CMHSPs, are spelled out in the Michigan Department of Community Health; [Application for Participation](#) for Specialty Prepaid Inpatient Health Plans; February 2013 (AFP). This AFP outlines the following administrative functions and requirements for Michigan’s PIHPs:

Administrative Responsibilities:

- General Management
- Financial Management
- Information Systems Management
- Provider Network Management
- Utilization Management
- Customer Services
- Quality Management
- Accreditation Status
- External Quality Review

Public Policy Initiatives

- Regional Crisis Response Capacity
- Health and Welfare
- Olmstead Compliance
- Substance Use Disorder Prevention & Treatment
- Recovery

In practice - differing views of managed care function responsibility and delegation: The state’s PIHPs and CMHSPs carry out the required Medicaid managed care functions. Some policy makers, PIHPs, and CMHSPs view these functions, when carried out by CMHSPs, as functions delegated from the PIHP to the CMHSPs in their region. Others see these functions as core functions of a CMHSP, having been carried out by CMHSPs for decades, and not as delegated to them by their PIHP.

CMHSPs’ central role in the governance of the state’s PIHPs: In citing state law, the 2013 [Application for Participation](#) (AFP) outlined the need for and value of CMHSPs have a central role in the governance of the state’s PIHPs. The relevant citations are provided below:

The AFP affords initial consideration for specialty prepaid inpatient health plan designation to qualified single county or regional entities (organized under Section 1204b of the Mental Health Code or Urban Cooperation Act). Therefore, the first and most basic requirement is that the organization submitting an application, be comprised of and jointly, representatively governed.

The only acceptable legal arrangements for affiliation going forward will be either UCA agreements or creation of a regional entity under Section 1204b of the Mental Health Code. In either case, such intergovernmental affiliation formations result in the creation of a new legal entity jointly “owned” and governed by the sponsoring CMHSPs. It is this entity that will be considered, recognized, and designated as the PIHP (for a region consisting of more than one CMHSP).

C. ROLES AND RESPONSIBILITIES OF MICHIGAN’S CMHSPS AND PIHPS IN FEDERAL LAW AND REGULATIONS

The clear interpretation of the federal regulations guiding cost allocation is that CMHSPs within Regional Entity PIHPs serve in two distinct roles – primarily, as the chief network provider within the community served by the CMH (in the CSSN role described above), providing Medicaid services, and, at times, as a subcontractor of the PIHP, carrying out managed care functions.

To obtain legal guidance on this issue, CMHA obtained the [legal opinion of Adam Falcone](#) (with the firm of Feldesman Tucker Leifer Fidell), one of the nation’s leading legal experts on Medicaid managed care for a legal opinion on this issue.

Below are the key excerpts from Mr. Falcone’s opinion that provide the necessary clarity in separating the provider roles of CMHs from the managed care subcontractor roles (of which there are few if any) and the related cost allocation principles that apply. (Boldface added for emphasis.)

Three aspects of the above regulatory definitions (42 CFR Part 438) bear on the issues presented. First, the definition of a network provider contains two requirements: (1) the provider or entity must have a network provider agreement with a MCO, PIHP or PAHP, or a subcontractor and (2) the entity must receive Medicaid funding to order, refer or render covered services. **Applied here, that means that a CMHSP should be considered to be a network provider if it holds a network provider agreement and receives funds to order, refer or render services. CMHSPs undisputedly meet both of those requirements.**

Second, nothing in the definition of network provider above requires a provider to furnish services directly to patients. The Medicaid managed care regulations define a “provider” as “any individual or entity that is engaged in the delivery of services, or ordering or referring for those services, and is legally authorized to do so by the State in which it delivers the services.” 42 C.F.R. § 438.2. Many providers engage in the delivery of services by purchasing services of other providers through professional services agreements. Because CMHSPs are entities engaged in the delivery of services, and are legally authorized to do so by the State of Michigan, CMHSPs continue to meet the definition of a provider even when they purchase services from other direct care providers.

Federal Medicaid managed care regulations state clearly that providers are not subcontractors by virtue of having a network provider agreement.

D. STANDARD CLINICAL AND FINANCIAL RISK-MANAGEMENT PRACTICES FOR SUB-CAPITATED ORGANIZATIONS, SUCH AS MICHIGAN’S CMHSPS

Michigan’s CMHSPs receive their Medicaid funding via a capitation method directly from MDHS for those CMHSPs who also serve as PIHPs, and via a sub-capitation or global budget, from their Regional Entity PIHPs for those CMHSPs working within Regional PIHPs.

CMHSPs in these advance alternative payment methods (APMs), as with all providers receiving funding through such methods, take on a number of clinical and fiscal functions that are core to their work as advanced APM providers. These functions include:

- Utilization management (including eligibility determination, level of care determination, authorization, Utilization review)

- Network management (including staff/provider credentialing, network development, contract management)
- Quality Improvement (including standard setting, performance assessment, corporate and regulatory compliance, evaluation, and provider training)
- Financial management (including claims payment, fiscal risk management, and organizational fiscal management)
- Customer services (including complaints, grievances and appeals)
- Information services (including data aggregation and reporting)

As with all MCO-to- provider relations, the **PIHP retains the responsibility for ensuring that these functions are carried out by the comprehensive service provider** – by the receipt of reports from the comprehensive advanced ABP provider, reviews of samples of work products and processes, audits, and the implementation of corrective action plans as needed.

The responsibility for fulfilling the functions contained in the document are those already (for decades) held by the state’s CMHSPs. These responsibilities are at the core of what defines a CMHSP in Michigan, as a comprehensive specialty services network – responsibilities held long before the advent of managed care in Michigan’s Medicaid program.

As noted over the last several years, to mislabel these functions as managed care functions that can be delegated to, or their delegation withheld, from a CMHSP is:

- Is in **contradiction of the core elements required of Michigan’s CMHSPs**. This mislabeling is in violation of the state statutes and rules that define the state’s CMHSPs and their work,
- All of the work of the CMHSP in fulfilling this role, including staff credentialing, contract management, quality improvement, claims payment, customer services and recipient rights, is **related to the CMHSP role as a comprehensive services provider as it has been for decades long prior to the advent of managed care in Michigan’s Medicaid program.**

These functions are those of a comprehensive APM-financed provider, such as Michigan’s CMHSPs, and not those of a managed care subcontractor.

One of the clearest descriptions of the roles that sub-capitated comprehensive provider networks is provided by the [United Hospital Fund in its report, “Capitation and the Evolving Roles of Providers and Payers in New York”](#). The most relevant segments of the roles that provider organizations take on to fulfill their obligations under a sub-capitated payment arrangement are included in **Appendix A**.

E. ROLES AND RESPONSIBILITIES OF CMHSPS AND PIHPS AS OUTLINED IN MDHHS CONTRACTS

A wide range of roles for both CMHSPs and PIHPs are outlined in their contracts with MDHHS. **These roles and responsibilities are so numerous that they will not be spelled out here.**

Additionally, through negotiations and the impact of changes in federal and state statutes and regulations and in other environmental factors, **these contracts change throughout the terms of the contracts.**

Because confusion exists relative to the **roles of CMHSPs as safety net organizations** fulfilling a number of community benefit functions outside of their work as comprehensive behavioral health networks, **those responsibilities are the focus of the following segment of this analysis.**

F. CONTRACT REQUIREMENTS UNDERSCORING COMMUNITY BENEFIT AND SAFETY NET RESPONSIBILITY OF MICHIGAN'S CMHSPS

The recognition of the fact that “**community benefit**” and “**safety net**” functions are core requirements of Michigan’s CMHSPs and are required as part of the [MDHHS contract with the state’s CMHSPs](#). These functions represent a range of responsibilities far beyond traditional direct service delivery – far beyond those expected of a service delivery that would be expected of a private sector provider - and include:

- Ensuring that persons with mental health needs have opportunities to be active members of their communities – often by breaking down barriers to such opportunities
- Addressing homelessness and ensuring sound, safe, and affordable housing in the local community
- Fostering employment opportunities and economic opportunities in the local community
- Ensuring access to income support systems (entitlements)
- Actively lead and participate in community collaboratives
- Ensure a sound law enforcement, judiciary, and mental health partnership, including jail diversion, mental health courts, training of law enforcement personnel
- Ensure a system of care including schools, child welfare, juvenile justice, and mental health systems
- Serve as the community’s information source for a wide variety of mental health issues
- Serve as the community’s navigator for persons seeking mental health services and other, ancillary services (food, clothing, housing, utility assistance)

Appendix A:

Excerpts from the United Hospital Fund report: Capitation and the Evolving Roles of Providers and Payers in New York

Through our interviews with the outside experts, we developed a framework that identifies some of functions provided by payers under traditional payment schemes. In Table 1, we grouped those functions into four broad categories. **The experts whom we interviewed suggested that a (comprehensive provider) operating under a capitation contract would likely want to control or strongly influence those functions that have the greatest impact on the measures of the (comprehensive provider's) success: whether it improves quality, provider experience, and member experience, and whether it controls costs. They suggested that (comprehensive providers) themselves might want to assume responsibility for these functions, indicated by the areas (boxed) in the table.**

Table 1. Migrating (Comprehensive Provider) Administrative Functions from Payers

Boxed areas indicate functions for which (Comprehensive Providers) might assume responsibility.

Product design, sales, and regulatory compliance

Product Design

Actuarial soundness
Network design
Co-insurance and deductibles
Premium rate-setting

Marketing

Specify population covered
Purchaser relations
Advertising and sales

Compliance & Risk Management

Insurance rules, regulations
Policies and procedures
Risk management

Provider-facing functions

Provider Relations

Network management
Credentialing
Provider contracting
Provider communications

Medical Management

Quality reporting and improvement
Utilization management
Disease management
Care management
Care coordination

Member-facing functions

Customer Service

Member communications
Call center and member services
Health education
Track and report on member experience
Appeals and grievances

Finance, Planning, and Analysis

Finance

Pricing services
Receive, adjudicate, pay claims
Tracking expenditures
Monthly, regular reports to providers
Monitor and report to plan / purchaser
Reinsurance and stop-loss

Planning and Analytics

Planning
Claims data and analytics
Monitor, report on quality
Monitor utilization, expenses, costs
Track provider and network performance

(Underlining, in the following excerpt, is provided for emphasis)

Provider-Facing Functions. (Comprehensive providers) are responsible for the performance of an entire provider network in caring for their attributed population. To do so effectively, they must be prepared to assume or oversee a series of new functions that affect their relationships with participating providers, including credentialing, contracting, communications, and network management. Most important, they will need to control processes for medical management, including care management, quality improvement (identifying and spreading best practices and reducing variation), and sensitive functions like pre-authorization and utilization management, which can greatly influence both costs of care and provider satisfaction.

Member-Facing Functions. (Comprehensive providers) will also want to control (or strongly influence) functions that affect their relationships with members. They will need to develop or enhance member services, supported by 24-hour call centers to handle patient questions and complaints, and to organize and deliver programs of health education to engage and support patients and their caregivers. Their performance in these areas can influence patient engagement (which contributes to improved outcomes), member satisfaction (a measure on which (comprehensive providers) are generally graded), and member retention (which is key to attribution).

Finance, Planning, and Analytics. Perhaps the greatest challenge facing (comprehensive providers) under capitation is in the broad category of finance, planning, and analytics. Under shared savings and shared risk arrangements, (comprehensive providers) need to develop basic capabilities in some of these areas; but since most of their provider payments are still tied to fee-for-service billing (and only a small portion to the year-end bonuses based on the shared savings they may generate), their performance in these areas may not be perceived as critical.

Under capitation, however, (comprehensive providers) need robust health information and planning capacities, including the ability to assess and adjust for risk, to promptly produce clinical and claims data analytics needed to

support quality improvement, to track performance against budget, and to mitigate the potential impact of the increased risk they are assuming. (Comprehensive providers) will also need to develop or acquire new financial, actuarial, and accounting systems, including the capacity to negotiate payment rates, and pay bills received from providers.



Communication with Those Charged with Governance during Planning

May 7, 2024

To the Members of the Board
Northern Michigan Regional Entity
Gaylord, Michigan

We are engaged to examine Northern Michigan Regional Entity's (the PIHP's) compliance with the compliance requirements described in the *Compliance Examination Guidelines* issued by Michigan Department of Health and Human Services that are applicable to the Medicaid Contract and General Fund Contract for the year ended September 30, 2023. Professional standards require that we provide you with the following information related to our compliance audit.

We would also like to extend the opportunity for you to share with our firm any concerns you may have regarding the PIHP, whether they be in relation to FSR reporting, controls over assets, or issues regarding personnel, as well as an opportunity for you to ask any questions you may have regarding the compliance audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the PIHP complied with the requirements described in the *Compliance Examination Guidelines* issued by Michigan Department of Health and Human Services that are applicable to the Medicaid Contract and General Fund Contract. Our compliance audit does not relieve you or management of your responsibilities.

As part of obtaining reasonable assurance about whether the PIHP complied with the requirements described in the *Compliance Examination Guidelines* issued by Michigan Department of Health and Human Services that are applicable to the Medicaid Contract and General Fund Contract, we will also perform tests of the PIHP's compliance with certain provisions of laws, regulations, and other contracts.

Our responsibility is to plan and perform the compliance audit to obtain reasonable, but not absolute, assurance that the PIHP complied with the requirements described in the *Compliance Examination Guidelines* issued by Michigan Department of Health and Human Services that are applicable to the Medicaid Contract and General Fund Contract. We are responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to your responsibilities in overseeing the compliance process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope, Timing of the Audit, Significant Risks, and Other

An audit includes examining, on a test basis, evidence supporting the PIHP's compliance with the requirements described in the *Compliance Examination Guidelines* issued by Michigan Department of Health and Human Services; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material noncompliance and to design the nature, timing, and extent of further compliance audit procedures. Noncompliance may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

We will generally communicate our significant findings at the conclusion of the compliance audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also

communicate any internal control related matters that are required to be communicated under professional standards.

During planning for this engagement, we considered the following significant risks of noncompliance. Our auditing procedures have been tailored to help detect these risks should they occur. Should any actual instances of noncompliance be detected during the performance of our engagement, these would be communicated to the Board in the *Communication with Those Charged with Governance at the Conclusion of the Audit*. Those risks considered during planning are:

- Improper identification of consumer eligibility
- Improper expenditure recognition due to fraud

Again, these are risks that are considered in determining the audit procedures to be applied. While these are risks that are considered during planning, it is not an indication that any such activity has taken place. To address these risks, we incorporate unpredictability into our compliance audit procedures, emphasize the use of professional skepticism, and assign staff to the engagement with industry expertise.

Derek Miller is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

The information included in this letter is intended solely for the use of those charged with governance and management of the PIHP, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,



Roslund, Prestage & Company, P.C.
Certified Public Accountants

May 10, 2024



ACTION ALERT - Conflict Free Access and Planning

In March 2023, the MDHHS Conflict-Free Access and Planning (CFAP) Workgroup met to review a number of CFAP options proposed by MDHHS to ensure compliance with the federal CFAP requirements. These options raised a number of concerns for the members of the Community Mental Health Association of Michigan (CMHA) – concerns around the threat that these options hold for persons served and to the integrity of Michigan’s public mental health system.

These concerns and recommendations for action, developed by CMHA and its members, are outlined in a document sent to and reviewed with the MDHHS staff leading this effort.

As a result of the CMHA discussions with MDHHS, MDHHS held several listening sessions designed to obtain the views of persons served by Michigan’s public mental health system. Many of the participants in these listening sessions voiced deep concerns over the fragmentation of the system and the increased complexity and access barriers that would result from the Department’s proposed approach to meeting CFAP compliance.

Advocacy by CMHA and its members, including legislative advocacy, have been increased, over the last few weeks, fueled by the latest announcement by MDHHS relative to its plans to implement the Department’s approach to

CFAP.

We fully support the intent to limit conflicts, however we believe the proposed “solution” outlined by MDHHS causes unnecessary disruption and complexity and provides a greater threat than the conflicts they are attempting to prevent.

REQUEST FOR ACTION: We are asking you to reach out to your legislators (House & Senate) and the Governor and URGE them to push MDHHS to halt the implementation of its approach to meeting the federal Conflict-Free Access and Planning (CFA&P) requirements related to Medicaid mental health services. Additionally, we would like them to encourage MDHHS to seek an alternative approach with CMS (Centers for Medicare & Medicaid Services) to comply with federal regulations before making a final decision and push to include the boilerplate language in the FY25 (as well as FY24 supplemental budget) MDHHS budget.

Please feel free to customize your response as you see fit

We also need you **to ask that the members of your Board of Directors, your staff, and your community partners make those same contacts – SIMPLY FORWARD THIS EMAIL TO THEM.**

Thank you in advance for your support and advocacy on this important topic.

ACTION ALERT - Conflict Free Access and Planning

You are receiving this email because you signed up for alerts from Community Mental Health Association of Michigan.

Click [here](#) to unsubscribe from this mailing list.

Minimizing Complexities

in Michigan's Public Mental Health System



The Michigan Department of Health and Human Services (MDHHS) recently proposed new requirements for individuals seeking mental health services through the public mental health system. While the new requirements would comply more directly with federal Conflict-Free Access and Planning (CFA&P) guidelines, they would create access challenges for those seeking care, service delays and additional costs to providers.

What is Conflict-Free Access and Planning?

CFAP is based on a 2014 federal requirement for Home and Community-Based Services (HCBS) which attempted to limit perceived conflicts of interest for beneficiaries obtaining HCBS. In Michigan, agencies can have more than one role: access, plan development, and service delivery. If one agency is helping an individual access and plan their services while providing services, under the federal rules there could be a potential conflict of interest. A conflict of interest happens when a professional uses their role to benefit themselves or their employer.

CMHA and our members fully support the intent to limit conflicts, however we believe the proposed "solutions" outlined by MDHHS cause unnecessary disruption and complexity and provide a greater threat than the conflicts they are attempting to prevent.

APPROACH PROPOSED BY MDHHS

Requires you to go to one "provider" for assessment, planning, and case management, and another "provider" to receive services. If you change your service plan, you must go back to the planning "provider."

MICHIGAN'S CURRENT COMMUNITY MENTAL HEALTH-BASED MODEL

Allows a 1-stop shop for people to do an assessment, planning, case management and receive services.

Proposed Alternative Approach to Conflict-Free Access & Planning

When a person seeking services, their family, and/or guardian meet with the CMHSP or its designated assessment/Individual Plan of Services (IPOS) development organization, it is not clear, until the IPOS is completed, whether the person is in need of HCBS services and, if so, what type. The process below reflects this fact and provides a number of safeguards to ensure that the CMS conflict-free requirements are met.

There are several factors that may cause a person served, their family and/or guardian to select the organization, which carries out the assessment and/or IPOS, as a provider organization for one or more of the HCBS services that they receive. **Those factors are:**

- The needs of the person served are complex enough that only this organization (typically a CMHSP or a comprehensive service provider on the CMHSP provider panel) can provide the HCBS services needed by the persons served. This is typically the case when the behavioral or health needs of the person served are so



complex as to be beyond the skill level of the majority of HCBS providers.

- The person served, their family, and/or guardian wishes to live in a location in which the friends of the person served live or to be served by an organization at which they will be around their friends.
- Seeking continuity and coordination of care, the person served, their family, and/or guardian wishes to have one or more HCBS services provided by the same organization that carried out the assessment, developed the IPOS, and/or provides case management or supports coordination with the person served.

DISADVANTAGES OF MDHHS' PROPOSED APPROACH



Delays service delivery



Increases costs



Increases administrative burden



Adds confusion and barriers for people served

CMHA-RECOMMENDED PROCESS ROAD MAP

01

The CMHSP or their designated organization carries out the assessment and person-centered planning process for the person seeking services, resulting in an individual plan of service (IPOS).



The services contained in the person's IPOS that are HCBS services are identified.

02

03

For those persons seeking services for whom one or more HCBS is a service contained in the IPOS, the person seeking services, their family, and/or guardian must be presented with a list of organizations, who provide those HCBS services, from which to choose (Recognizing that in some communities there may be only a single organization providing a specific HCBS.) Where the organization carrying out the assessment and/or IPOS development is one of the organizations providing the HCBS service identified in the IPOS of the person seeking services, that must be noted in the list of HCBS service provider organizations.

The person seeking services, their family, and/or guardian selects from the list of HCBS providers for each HCBS service contained in their IPOS.

04

05

The selection by the person seeking services, their family, and/or guardian, of the provider organizations to provide each HCBS service is documented by the organization developing the IPOS.



If the organization carrying out the assessment and/or IPOS development is one of the organizations selected by the person served, their family, and/or guardian to provide a HCBS service identified in the IPOS of the person seeking services, that is noted, in the record of the person served as an approved and clinically appropriate exemption to the federal CFAP/CFCM rule.

06

THIS PROCESS IS NESTED IN A ROBUST MONITORING AND CONTRACT COMPLIANCE PROCESS.

Accessible, frequent, and readily-available information to persons served regarding the rights outlined above – through the use of:

- (1) A uniform set of hard-copy handouts and electronic messages;
- (2) Notices on the websites of the state's CMHSPs, PIHPs, providers, and MDHHS;
- (3) Social media posts

Continual education, training, supervision, and coaching of CMHSP, PIHP, and provider staff around these rights – efforts led by MDHHS, the state's major advocacy organizations, and CMHA.

The use of contractual powers, corrective action plans, and sanctions, when needed, to ensure that these rights are afforded persons served – via the MDHHS/PIHP contract, the MDHHS/CMHSP contract, and the PIHP/CMHSP contract.



The Community Mental Health Association of Michigan is the state association representing Michigan's public Community Mental Health (CMH) centers, the public Prepaid Inpatient Health Plans (PIHP – public health plans formed and governed by CMH centers) and the private providers within the CMH and PIHP provider networks.

FOR MORE INFORMATION, PLEASE VISIT CMHA.ORG OR CALL 517-347-6848.



email correspondence



From: [Monique Francis](#)
To: [Monique Francis](#)
Cc: [Robert Sheehan](#); [Alan Bolter](#)
Subject: Urging your Board of Directors to pass resolution against implementation of MDHHS approach to CFAP
Date: Wednesday, May 15, 2024 8:28:32 AM
Attachments: [Outlook-4xi1zf0b.png](#)
[2024-05 MSHN Board Resolution Opposing MDHHS Conflict Free Access and Planning Decisions.pdf](#)

To: CEOs of CMHs, PIHPs, and Provider Alliance members

CC: CMHA Officers; Members of the CMHA Board of Directors and Steering Committee; CMH & PIHP Board Chairpersons

From: Robert Sheehan, CEO, CMH Association of Michigan

Re: Urging your Board of Directors to pass resolution against implementation of MDHHS approach to CFAP

As you know, you and your organizations, CMHA, and our allies have been working, for months, to halt the implementation of the MDHHS approach to meeting the federal Conflict-Free Access and Planning (CFAP) requirements and, instead, work with CMHA, its members, and other stakeholders to develop a far simpler approach to meeting those requirements.

The advocacy campaign around this issue has consisted of many components, the most recent being an Action Alert that you have recently received.

REQUEST: We are asking that you and your Board of Directors formally lend your voices to this effort by passing a resolution against the implementation of MDHHS's approach to meeting the federal Conflict Free requirements. Attached is such a resolution recently passed by the Board of Directors of the Mid-State Health Network. This resolution could be used as a template for a resolution by your Board of Directors, if you find that helpful in expediting the development and passage of such a resolution. (Thank you to the Mid-State Health Network Board and staff to taking this step. Bravo.)

Once passed by your Board, we would ask that the resolution be sent to the County Commissions in your community/region, state elected officials representing your community, and the Governor.

Given the fast-approaching timeframe for MDHHS's planned implementation of their CFAP plan, we urge prompt action to write, pass/adopt, and send such a resolution.

Thank you, in advance, for your assistance and support on this front. ,

Robert Sheehan

Chief Executive Officer
Community Mental Health Association of Michigan

2nd Floor
507 South Grand Avenue
Lansing, MI 48933
517.374.6848 main
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DRAFT

RESOLUTION OF THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS
OPPOSING MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES DECISIONS TO IMPLEMENT
CONFLICT FREE ACCESS AND PLANNING IN MICHIGAN

WHEREAS the Northern Michigan Regional Entity (NMRE) is a regional entity created in 2014 by the five Community Mental Health Services Programs (CMHSPs) of AuSable Valley Community Mental Health Authority, Centra Wellness Network, North Country Community Mental Health Authority, Northeast Michigan Community Mental Health Authority, and Northern Lakes Community Mental Health Authority and functions as the Prepaid Inpatient Health Plan (PIHP) for twenty-one Michigan counties under a master Medicaid Specialty Supports and Services Contract with the State of Michigan. The NMRE Board of Directors is comprised of three appointees from each of the CMHSPs in the NMRE region, at least one of whom is a primary or secondary consumer of behavioral health services.

WHEREAS MDHHS has announced its decision to require CMHSPs to separate service assessment and planning from service delivery, requiring beneficiaries to receive the assessment and planning services from one entity and ongoing direct services from another, separate entity by October 1, 2024.

WHEREAS after careful review the conclusions of the NMRE Board are that the current decision:

- Is in conflict with the statutory responsibilities of CMHSPs under Michigan Law;
- Erroneously implies profit drive or undue enrichment motives on the part of governmental entities (CMHSPs and PIHPs) instead of recognizing what is actually a formal transfer of governmental responsibility from the State to the Counties for the delivery of public behavioral health services;
- Ignores the capitation-based financing of the Michigan public behavioral health system, which is constant and does not vary by volume of individuals served negating any conflicts of interest in service planning and service delivery;
- Ignores Michigan's current shared risk (with MDHHS) financing system which already mitigates against conflict and self-interest;
- Is in conflict with the Certified Community Behavioral Health Clinic (CCBHC) model currently being implemented and expanded in Michigan;
- Ignores, at best, and disregards, at worst, input from persons with lived experience that have consistently stated that the available procedural safeguards are preferable to systemic/structural upheaval inherent In MDHHS announced decisions.

THEREFORE, BE IT UNANIMOUSLY RESOLVED THAT, in the strongest possible terms, and for the reasons noted herein, the NMRE Board of Directors opposes the MDHHS announced structural strategies for compliance with the federal Conflict Free Access and Planning Rules.

BE IT FURTHER UNANIMOUSLY RESOLVED THAT, the NMRE Board of Directors requests MDHHS reconsideration of its current decisions and to honor CMS waiver approval for procedural mitigation of conflict, and to pursue CMH approval of strengthened procedural safeguards against conflict of interest in Michigan.

ON BEHALF OF THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS BY ITS OFFICERS

Gary Klacking, Chairperson (AuSable Valley CMHA)
Don Tanner, Vice-Chairperson (Centra Wellness Network)
Karla Sherman, Secretary (North Country CMHA)

**NORTHERN MICHIGAN REGIONAL ENTITY
FINANCE COMMITTEE MEETING
10:00AM – MAY 8, 2024
VIA TEAMS**

ATTENDEES: Laura Argyle, Brian Babbitt, Connie Cadarette, Ann Friend, Chip Johnston, Nancy Kearly, Eric Kurtz, Inna Mason, Allison Nicholson, Donna Nieman, Brandon Rhue, Nena Sork, Erinn Trask, Jennifer Warner, Tricia Wurn, Deanna Yockey, Carol Balousek

REVIEW AGENDA & ADDITIONS

No additions to the meeting agenda were requested.

REVIEW PREVIOUS MEETING MINUTES

The April minutes were included in the materials packet for the meeting.

MOTION BY CONNIE CADARETTE TO APPROVE THE MINUTES OF THE APRIL 10, 2024 NORTHERN MICHIGAN REGIONAL ENTITY REGIONAL FINANCE COMMITTEE MEETING; SUPPORT BY ANN FRIEND. MOTION APPROVED.

MONTHLY FINANCIALS

March 2024

- Net Position showed net surplus Medicaid and HMP of \$1,407,732. Carry forward was reported as \$11,624,171. The total Medicaid and HMP Current Year Surplus was reported as \$13,031,903. The total Medicaid and HMP Internal Service Fund was reported as \$20,576,156. The total Medicaid and HMP net surplus was reported as \$33,608,059.
- Traditional Medicaid showed \$103,421,851 in revenue, and \$99,619,787 in expenses, resulting in a net surplus of \$3,802,064. Medicaid ISF was reported as \$13,510,136 based on the current FSR. Medicaid Savings was reported as \$845,073.
- Healthy Michigan Plan showed \$14,052,940 in revenue, and \$16,447,272 in expenses, resulting in a net deficit of \$2,394,332. HMP ISF was reported as \$7,066,020 based on the current FSR. HMP savings was reported as \$10,779,098.
- Health Home showed \$1,435,090 in revenue, and \$1,231,467 in expenses, resulting in a net surplus of \$221,623.
- SUD showed all funding source revenue of \$15,196,893 and \$13,642,380 in expenses, resulting in a net surplus of \$1,554,513. Total PA2 funds were reported as \$5,132,294.

PA2/Liquor tax activity was summarized as follows:

Projected FY24 Activity			
Beginning Balance	Projected Revenue	Approved Projects	Projected Ending Balance
\$5,220,509	\$1,794,492	\$2,595,550	\$4,419,450

Actual FY24 Activity			
Beginning Balance	Current Receipts	Current Expenditures	Current Ending Balance
\$5,220,509	\$656,798	\$745,013	\$5,132,294

Erinn asked if any of the deficits shown for the Boards are intentional spending. The Boards responded that the deficits are due to revenue shortfalls and are not intentional. Ann noted that for North Country, autism spending is beyond what was budgeted. Connie said that Northeast MI would like to spend more but can't find staff.

It was noted that BHH enrollment is up in FY24; OHH enrollment is down due to the number of individuals who have lost Healthy Michigan coverage.

Deanna drew attention to the continuing downward trend in DAB, TANF, and HMP eligibles. HSW revenue is currently buffering the loss of DAB, TANF, and HMP revenue.

MOTION BY ERINN TRASK TO RECOMMEND APPROVAL OF THE NORTHERN MICHIGAN REGIONAL ENTITY MONTHLY FINANCIAL REPORT FOR MARCH 2024; SUPPORT BY DONNA NIEMAN. MOTION APPROVED.

EDIT UPDATE

The minutes from April 18th were included in the meeting materials.

- The EQI workgroup finished FY23 Period 3. FY24 Period 1 is no due no later than in May 31st.
- A skill-based approach (vs. degree-based) for staff qualifications is being considered for H2011 and H2011 HT.
- Effective October 1, 2024, Wraparound (H2022) will be removed from the SEDW service array. Intensive Care Coordination with Wraparound (ICCW) will be available as a state plan service.
- The Bureau of Children's Coordinated Health Policy & Supports (BCCHPS) is building a data dashboard for children's crisis episodes, screening, and assessment codes.
- Clarification was made that no encounters should be reported for Peer Support Specialists attending medical appointments.
- Codes 97550 and 97551 have been added for OT and PT effective April 1, 2024.
- Place of Service code 27 has been added to refer to a non-permanent location on the street or in the environment where preventative, diagnostic, screening, or treatment services are provided to homeless or unsheltered persons.
- Clarification was made that U modifiers should apply to all participants in a group and not just open/active CMH beneficiaries.
- SUD group sizes are usually capped at 15, with an ideal range of 8-10. The suggestion was made to include group size information in the Reporting and Costing Considerations column or create a separate tab in the Behavioral Health Code Charts and Provider Qualifications to clarify group sizes for SUD services.
 - **Therapeutic/Interpersonal (Core) Group Size:** 8-10 participants (15 at most)
 - **Psychoeducation/Didactic (Core) Group Size:** limited to 20
 - **Evidence-based Therapy (Core) Group Size:** follow parameters of the EBP; if no parameters are given, 8-10 participants (15 at most)
 - **Lecture (non-Core) Group Size:** Group size should accommodate the needs of individuals served. Lectures may only count as "core/life skills" if they do not include more than 20 individuals or there is a breakout time for smaller groups to process the lecture of no more than 20 individuals per facilitator.
- V1-V4 modifiers for inpatient tiered rates (0100) are currently available and are intended to go into effect July 1, 2024.

Regarding the tiered rates for inpatient services, Eric said that there are numerous unanswered questions. Hospitals have not been contacted about the use of modifiers, which are based on staffing ratios.

Eric asked Brandon to reach out to Jeff Change at PCE as there is a system limitation on the number of modifiers that can be used per the file structure.

It was noted that hospital contracts are currently in place at negotiated daily rates that do not reference staffing levels.

EQI UPDATE

The Period 1 (October 1, 2023 through January 31, 2024) EQI report is due to MDHHS by May 31st. Tricia clarified that this will be a full report, as opposed to reporting units only. Data was pulled on May 3rd. Tricia requested reports to her by May 20th.

All tabs other than the Financial Reconciliation must be completed. The COB summary and Allocation Costs tabs are optional. An EQI Workgroup meeting is scheduled for May 9th at 1:00PM. Tricia agreed to circle back to the group with an update following the meeting.

ELECTRONIC VISIT VERIFICATION (EVV)

Weekly EVV Project Discovery and Status meetings continue to occur. The meeting on May 6th included a demonstration of the HHAX system. Brandon noted that PIHP involvement is minimal; CMHSPs will be the central point of contact. The PIHP will act mainly as a conduit for information flow. A PCE training session is scheduled for May 15th. CMHSPs are expected to receive a payment file from the state; numerous potential problems have been identified with this approach. The presentation indicated, however, that the payment file is optional. Brandon agreed to seek clarification.

Nothing has been reported regarding the fee-for-service implementation that began on April 1st.

There has been talk about PCE developing an EVV system and using HHAX as an interface.

How the EVV will be implemented for situations in which staff are providing services to multiple people at once is currently unknown. Eric asked whether there has been any discussion about going back to the per diem rate for H2015. Brian Babbitt responded that he has raised the issue. Donna agreed that the state should consider it.

LOCAL MATCH

The next due date was provided as May 15, 2024.

HSW UPDATE

There are currently 4 open slots in the region with 4 packets pending. The April payment showed a 2.4% increase for HSW.

PLAN FIRST UPDATE

There was no update provided on this topic during the meeting.

FY24 REVENUE

Deanna shared a summary of the impact of the April rate adjustment on PMPM. Regional data was supplied as:

Total PMPMFY24 Projections

MA/SED/CWP	HMP	HSW	TOTAL	
\$68,315,429	\$7,151,871	\$27,560,089	\$103,027,390	October – March Actual
\$11,776,454	\$1,135,596	\$4,811,262	\$17,723,313	April
\$58,293,449	\$5,621,202	\$22,928,531	\$86,843,182	May – September Projected
<u>\$138,385,332</u>	<u>\$13,908,670</u>	<u>\$55,299,882</u>	<u>\$207,593,884</u>	Total Revised as of April 2024
			<u>\$204,895,685</u>	Original FY24 PMPM Budget
			\$2,698,199	Increase

Statewide data showing the PMPM % increase by program was shared as:

Program	Region 2 NMRE	Region 4 SWMBH	Region 5 MSHN	Region 6 CMHSE	Region 9 Macomb	Region 10
DAB	3.74%	7.40%	3.58%	5.57%	3.60%	3.42%
TANF	5.38%		5.73%	6.62%	5.97%	5.34%
HMP	7.35%	9.80%	7.08%	4.04%	6.69%	6.96%

Clarification was made that the rate increase is not applied to retro eligibles.

Regional DAB, TANF, HMP, and HSW revenue (including SUD) estimates were summarized as:

FY23 Total Revenue	\$229,162,471	
FY24 Projected Revenue	<u>\$229,209,222</u>	
Increase	\$46,752	Represents an increase in HSW of \$9,824,722 and a decrease in DAB, TANF, and HMP of \$9,777,970

Deanna will continue to trend data through FY24. Deanna offered to meet with the Boards individually to discuss their numbers.

It was noted that the region has seen a huge increase in CWP and SED revenue in FY24 (paid by PMPM). FY23 CWP and SED revenue was reported as \$100-\$200K; that is up to \$1M in FY24.

RFP AUDIT FY24 – FY26

The three-year cycle to select a firm for the financial audits ended FY23. Deanna asked whether the Boards want to continue their contracts with RPC or bid it out. The decision was made to obtain a quote to extend the services or RPC through FY24.

MOTION BY DONNA NIEMAN TO RECOMMEND EXTENDING THE CONTRACT WITH ROSLUND, PRESTAGE, AND COMPANY THROUGH FY24 FOR AUSABLE VALLEY COMMUNITY MENTAL HEALTH AUTHORITY, CENTRA WELLNESS NETWORK, NORTH COUNTRY COMMUNITY MENTAL HEALTH AUTHORITY, NORTHERN LAKES COMMUNITY MENTAL HEALTH AUTHORITY, AND NORTHERN MICHIGAN REGIONAL

ENTITY PROVIDED THAT A DOLLAR AMOUNT IS OBTAINED AND ACCEPTED; SUPPORT BY ANN FRIEND. MOTION CARRIED.

This recommendation will be presented to the regional Operations Committee and the NMRE Board of Directors for approval.

NEXT MEETING

The next meeting was scheduled for June 12th at 10:00AM.

DRAFT

**Northern Michigan
Regional Entity**

Financial Statements
September 30, 2023





Independent Auditor's Report

To the Members of the Board
Northern Michigan Regional Entity
Gaylord, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Northern Michigan Regional Entity (the PIHP), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the PIHP's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the PIHP, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the PIHP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the PIHP's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Northern Michigan Regional Entity
Statement of Net Position
September 30, 2023

	Enterprise Funds		Total Enterprise Funds	Internal Service Fund	Total Proprietary Funds
	Mental Health Operating	Substance Use Disorder		Medicaid Risk Reserve	
Assets					
Current assets					
Cash and cash equivalents	\$ 51,465,044	\$ 4,938,166	\$ 56,403,210	\$ 20,576,156	\$ 76,979,366
Due from affiliates	4,213,089	-	4,213,089	-	4,213,089
Due from State of Michigan	3,279,310	2,249,276	5,528,586	-	5,528,586
Due from other governmental units	-	355,648	355,648	-	355,648
Prepaid expenses	71,703	366,710	438,413	-	438,413
Total current assets	59,029,146	7,909,800	66,938,946	20,576,156	87,515,102
Noncurrent assets					
Capital assets being depreciated, net	9,615	-	9,615	-	9,615
Total noncurrent assets	9,615	-	9,615	-	9,615
Total assets	59,038,761	7,909,800	66,948,561	20,576,156	87,524,717
			Prior year total assets		88,192,022
Liabilities					
Current liabilities					
Accounts payable	15,651,698	2,272,297	17,923,995	-	17,923,995
Accrued payroll and related liabilities	197,174	-	197,174	-	197,174
Due to affiliates	8,400,188	263,961	8,664,149	-	8,664,149
Due to State of Michigan	19,908,835	153,034	20,061,869	-	20,061,869
Unearned revenue	11,624,205	-	11,624,205	-	11,624,205
Compensated absences, due within one year	28,293	-	28,293	-	28,293
Direct borrowing, due within one year	9,969	-	9,969	-	9,969
Total current liabilities	55,820,362	2,689,292	58,509,654	-	58,509,654
Noncurrent liabilities					
Compensated absences, due beyond one year	160,329	-	160,329	-	160,329
Total noncurrent liabilities	160,329	-	160,329	-	160,329
Total liabilities	55,980,691	2,689,292	58,669,983	-	58,669,983
			Prior year total liabilities		63,806,842
Net position					
Net investment in capital assets	(354)	-	(354)	-	(354)
Restricted for Substance use disorder	-	5,220,508	5,220,508	-	5,220,508
Restricted for Medicaid risk management	-	-	-	13,510,136	13,510,136
Restricted for Healthy Michigan risk management	-	-	-	7,066,020	7,066,020
Restricted for Performance Bonus Incentive Pool	2,347,881	-	2,347,881	-	2,347,881
Unrestricted	710,543	-	710,543	-	710,543
Total net position	\$ 3,058,070	\$ 5,220,508	\$ 8,278,578	\$ 20,576,156	\$ 28,854,734
Prior year net position	2,602,593	5,413,045	8,015,638	16,369,542	24,385,180

Northern Michigan Regional Entity
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended September 30, 2023

	Enterprise Funds		Total Enterprise Funds	Internal Service Fund	Total Proprietary Funds
	Mental Health Operating	Substance Use Disorder		Medicaid Risk Reserve	
Operating revenues					
Medicaid	\$ 199,380,817	\$ 6,296,492	\$ 205,677,309	\$ -	\$ 205,677,309
Healthy Michigan	20,651,618	13,057,831	33,709,449	-	33,709,449
Health Home	2,313,763	-	2,313,763	-	2,313,763
Opioid Health Home	-	4,134,276	4,134,276	-	4,134,276
State and federal grants	89,588	6,738,804	6,828,392	-	6,828,392
Local match from affiliates	594,816	-	594,816	-	594,816
Public Act 2 revenues	-	1,840,928	1,840,928	-	1,840,928
Performance bonus incentive pool	2,347,881	-	2,347,881	-	2,347,881
Other operating revenues	961	-	961	-	961
Total operating revenues	225,379,444	32,068,331	257,447,775	-	257,447,775
			Prior year total operating revenues		232,938,823
Operating expenses					
PIHP Administration	3,039,364	696,430	3,735,794	-	3,735,794
Depreciation expense	115,386	-	115,386	-	115,386
Hospital rate adjuster	4,252,248	-	4,252,248	-	4,252,248
Incentive payments	2,184,505	-	2,184,505	-	2,184,505
Local match payments	594,816	-	594,816	-	594,816
Taxes on services	1,926,907	144,687	2,071,594	-	2,071,594
Expenses for services					
Medicaid	189,366,288	5,161,308	194,527,596	-	194,527,596
Healthy Michigan	19,316,267	11,318,244	30,634,511	-	30,634,511
Health Home	2,285,184	-	2,285,184	-	2,285,184
Opioid Health Home	-	4,009,589	4,009,589	-	4,009,589
SUD Block Grant	-	6,482,800	6,482,800	-	6,482,800
Public Act 2	-	2,033,464	2,033,464	-	2,033,464
Grants	89,589	-	89,589	-	89,589
Total operating expenses	223,170,554	29,846,522	253,017,076	-	253,017,076
			Prior year total operating expenses		233,400,257
Operating income (loss)	2,208,890	2,221,809	4,430,699	-	4,430,699
Non-operating revenues (expenses)					
Interest income	-	-	-	7,083	7,083
Interest expense	(2,225)	-	(2,225)	-	(2,225)
Total non-operating revenues (expenses)	(2,225)	-	(2,225)	7,083	4,858
Income (loss) before transfers	2,206,665	2,221,809	4,428,474	7,083	4,435,557
Transfers					
Transfers in	2,414,346	-	2,414,346	4,199,531	6,613,877
Transfers out	(4,199,531)	(2,414,346)	(6,613,877)	-	(6,613,877)
Total transfers	(1,785,185)	(2,414,346)	(4,199,531)	4,199,531	-
Change in net position	421,480	(192,537)	228,943	4,206,614	4,435,557
			Prior year change in net position		(459,023)
Net position, beginning of year	2,602,593	5,413,045	8,015,638	16,369,542	24,385,180
Prior period adjustment	33,997	-	33,997	-	33,997
Net position, end of year	\$ 3,058,070	\$ 5,220,508	\$ 8,278,578	\$ 20,576,156	\$ 28,854,734

NOTE 7 - DUE TO AFFILIATES

Due to affiliates as of September 30th consists of the following:

Description	Amount
Centra Wellness	1,063,113
North Country	2,611,328
Northeast	3,465,693
Northern Lakes	1,214,516
Behavioral Health Home	86,585
Opioid Health Home	222,914
Total	8,664,149

NOTE 8 - DUE TO STATE OF MICHIGAN

Due to State of Michigan as of September 30th consists of the following:

Description	Amount
Behavioral Health Home	139,171
Opioid Health Home	231,567
Medicaid Lapse	19,605,473
Other	85,658
Total	20,061,869

NOTE 9 - UNEARNED REVENUE

The amount reported as unearned revenue represents revenues received in advance of the period earned as follows:

Description	Amount
HMP Savings	10,779,098
Medicaid Savings	845,073
Wellness Program	34
Total	11,624,205

NOTE 10 – LONG-TERM LIABILITIES

Direct Borrowings

Description	Original Borrowing	Interest Rates	Final Maturity	Outstanding at Year-end
1999 Walden Dr lease	240,388	3.00%	10/1/2023	9,969

The CMHSP's outstanding loans from direct borrowings and direct placements related to mental health operations contain provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

NOTE 14 – CONTINGENT LIABILITIES

Under the terms of various federal and state grants and regulatory requirements, the PIHP is subject to periodic audits of its agreements, as well as a cost settlement process under the full management contract with the State. Such audits could lead to questioned costs and/or requests for reimbursement to the grantor or regulatory agencies. Cost settlement adjustments, if any, as a result of compliance audits are recorded in the year that the settlement is finalized. The amount of expenses which may be disallowed, if any, cannot be determined at this time, although the PIHP expects such amounts, if any, to be immaterial.

NOTE 15 – ECONOMIC DEPENDENCE

The PIHP receives over 95% of its revenues from the State of Michigan either directly or indirectly from MDHHS.

NOTE 16 – TRANSFERS

The Substance Use Disorder Fund transferred \$2,414,346 to Mental Health Operating Fund the during the year for the purpose of covering services to Medicaid and Healthy Michigan eligible consumers. The Mental Health Operating Fund transferred \$4,199,531 to the Medicaid Risk Reserve Fund during the year for the purpose of covering risk related to services provided to Medicaid and Healthy Michigan eligible consumers.

NOTE 17 – PRIOR PERIOD ADJUSTMENT

The prior period adjustment in these financial statements consists of the following items:

Description	Amount
Compliance audit examination adjustment – DCW Settlement	33,997

NOTE 18 - UPCOMING ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 100, *Accounting Changes and Error Corrections*, was issued by the GASB in June 2022 and will be effective for the PIHP’s fiscal year September 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement prescribes the accounting and financial reporting for 1) each type of accounting change and 2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period.

GASB Statement No. 101, *Compensated Absences*, was issued by the GASB in June 2022 and will be effective for the PIHP’s fiscal year September 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements.



Chief Executive Officer Report

May 2024

This report is intended to brief the NMRE Board on the CEO's activities since the last Board meeting. The activities outlined are not all inclusive of the CEO's functions and are intended to outline key events attended or accomplished by the CEO.

April 25: Attended and participated in meeting regarding local match draw down.

May 1: Attended and participated in NMRE Internal Operations Committee meeting (IOC).

May 2: Attended and participated in MDHHS/PIHP CEO meeting.

May 6: Attended and participated in NMRE SUD Oversight Committee meeting.

May 6: Attended and participated in CMHAM Joint Advocacy Committee virtual meeting.

May 7: Attended and participated in PIHP CEO meeting.

May 8: Attended and participated in NMRE Regional Finance Committee meeting.

May 9: Presented at NEMCMHA Board Planning Session.

May 15: Attended and participated in CCBHC FY 25 Rate meeting.

May 16/17: Attended Improving Outcomes Conference.

May 21: Plan to attend and participate in PIHP Contract Negotiations meeting regarding CFAP.



March 2024

Finance Report

March 2024 Financial Summary

Funding Source	YTD Net Surplus (Deficit)	Carry Forward	ISF
Medicaid	3,802,064	845,073	13,510,136
Healthy Michigan	(2,394,332)	10,779,098	7,066,020
	<u>\$ 1,407,732</u>	<u>\$ 11,624,171</u>	<u>\$ 20,576,156</u>

	NMRE MH	NMRE SUD	Northern Lakes	North Country	Northeast	AuSable Valley	Centra Wellness	PIHP Total
Net Surplus (Deficit) MA/HMP	190,184	1,280,656	(397,389)	(1,659,696)	702,400	1,829,458	(537,882)	\$ 1,407,732
Carry Forward		-	-	-	-	-	-	11,624,171
Total Med/HMP Current Year Surplus	<u>190,184</u>	<u>1,280,656</u>	<u>(397,389)</u>	<u>(1,659,696)</u>	<u>702,400</u>	<u>1,829,458</u>	<u>(537,882)</u>	<u>\$ 13,031,903</u>
Medicaid & HMP Internal Service Fund								20,576,156
Total Medicaid & HMP Net Surplus								<u>\$ 33,608,059</u>

Northern Michigan Regional Entity

Funding Source Report - PIHP

Mental Health

October 1, 2023 through March 31, 2024

	NMRE MH	NMRE SUD	Northern Lakes	North Country	Northeast	AuSable Valley	Centra Wellness	PIHP Total
Traditional Medicaid (inc Autism)								
Revenue								
Revenue Capitation (PEPM)	\$ 99,865,627	\$ 3,556,224						\$ 103,421,851
CMHSP Distributions	(96,373,620)		31,857,999	25,828,482	16,114,485	14,018,759	8,553,894	-
1st/3rd Party receipts			-	-	-	-	-	-
Net revenue	<u>3,492,007</u>	<u>3,556,224</u>	<u>31,857,999</u>	<u>25,828,482</u>	<u>16,114,485</u>	<u>14,018,759</u>	<u>8,553,894</u>	<u>103,421,851</u>
Expense								
PIHP Admin	1,361,741	31,976						1,393,717
PIHP SUD Admin		36,644						36,644
SUD Access Center		18,221						18,221
Insurance Provider Assessment	881,077	19,679						900,756
Hospital Rate Adjuster Services	1,066,108							1,066,108
		2,207,246	31,489,603	26,459,180	15,334,511	11,872,465	8,841,336	96,204,341
Total expense	<u>3,308,926</u>	<u>2,313,766</u>	<u>31,489,603</u>	<u>26,459,180</u>	<u>15,334,511</u>	<u>11,872,465</u>	<u>8,841,336</u>	<u>99,619,787</u>
Net Actual Surplus (Deficit)	<u>\$ 183,081</u>	<u>\$ 1,242,458</u>	<u>\$ 368,396</u>	<u>\$ (630,698)</u>	<u>\$ 779,974</u>	<u>\$ 2,146,294</u>	<u>\$ (287,442)</u>	<u>\$ 3,802,064</u>

Notes

Medicaid ISF - \$13,510,136 - based on current FSR

Medicaid Savings - \$845,073

Northern Michigan Regional Entity

Funding Source Report - PIHP

Mental Health

October 1, 2023 through March 31, 2024

	NMRE MH	NMRE SUD	Northern Lakes	North Country	Northeast	AuSable Valley	Centra Wellness	PIHP Total
Healthy Michigan								
Revenue								
Revenue Capitation (PEPM)	\$ 8,314,524	\$ 5,738,416						\$ 14,052,940
CMHSP Distributions	(7,151,871)		2,608,919	2,129,369	898,880	928,133	586,570	(0)
1st/3rd Party receipts			-	-	-	-	-	-
Net revenue	<u>1,162,653</u>	<u>5,738,416</u>	<u>2,608,919</u>	<u>2,129,369</u>	<u>898,880</u>	<u>928,133</u>	<u>586,570</u>	<u>14,052,940</u>
Expense								
PIHP Admin	138,953	78,806						217,758
PIHP SUD Admin		90,308						90,308
SUD Access Center		44,904						44,904
Insurance Provider Assessment	88,573	46,469						135,042
Hospital Rate Adjuster Services	928,024							928,024
		5,439,731	3,374,704	3,158,367	976,454	1,244,969	837,010	15,031,235
Total expense	<u>1,155,550</u>	<u>5,700,218</u>	<u>3,374,704</u>	<u>3,158,367</u>	<u>976,454</u>	<u>1,244,969</u>	<u>837,010</u>	<u>16,447,272</u>
Net Surplus (Deficit)	<u>\$ 7,103</u>	<u>\$ 38,198</u>	<u>\$ (765,785)</u>	<u>\$ (1,028,998)</u>	<u>\$ (77,574)</u>	<u>\$ (316,836)</u>	<u>\$ (250,440)</u>	<u>\$ (2,394,332)</u>

Notes

HMP ISF - \$7,066,020 - based on current FSR

HMP Savings - \$10,779,098

Net Surplus (Deficit) MA/HMP	<u>\$ 190,184</u>	<u>\$ 1,280,656</u>	<u>\$ (397,389)</u>	<u>\$ (1,659,696)</u>	<u>\$ 702,400</u>	<u>\$ 1,829,458</u>	<u>\$ (537,882)</u>	<u>\$ 1,407,732</u>
Medicaid/HMP Carry Forward								11,624,171
Total Med/HMP Current Year Surplus								\$ 13,031,903
Medicaid & HMP ISF - based on current FSR								20,576,156
Total Medicaid & HMP Net Surplus (Deficit) including Carry Forward and ISF								\$ 33,608,059

Northern Michigan Regional Entity

Funding Source Report - PIHP

Mental Health

October 1, 2023 through March 31, 2024

	NMRE MH	NMRE SUD	Northern Lakes	North Country	Northeast	AuSable Valley	Centra Wellness	PIHP Total
Health Home								
Revenue								
Revenue Capitation (PEPM)	\$ 398,324		315,171	192,332	113,363	127,051	288,849	\$ 1,435,090
CMHSP Distributions	-							-
1st/3rd Party receipts								-
Net revenue	<u>398,324</u>	<u>-</u>	<u>315,171</u>	<u>192,332</u>	<u>113,363</u>	<u>127,051</u>	<u>288,849</u>	<u>1,435,090</u>
Expense								
PIHP Admin	17,069							17,069
BHH Admin	18,192							18,192
Insurance Provider Assessment	-							-
Hospital Rate Adjuster Services	141,440		315,171	192,332	113,363	127,051	288,849	1,178,206
Total expense	<u>176,701</u>	<u>-</u>	<u>315,171</u>	<u>192,332</u>	<u>113,363</u>	<u>127,051</u>	<u>288,849</u>	<u>1,213,467</u>
Net Surplus (Deficit)	<u>\$ 221,623</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 221,623</u>

Northern Michigan Regional Entity

Funding Source Report - SUD

Mental Health

October 1, 2023 through March 31, 2024

	Medicaid	Healthy Michigan	Opioid Health Home	SAPT Block Grant	PA2 Liquor Tax	Total SUD
Substance Abuse Prevention & Treatment						
Revenue	\$ 3,556,224	\$ 5,738,416	\$ 1,873,427	\$ 3,283,814	\$ 745,012	\$ 15,196,893
Expense						
Administration	68,620	169,114	46,972	133,491		418,197
OHH Admin			41,705	-		41,705
Access Center	18,221	44,904	-	17,965		81,090
Insurance Provider Assessment	19,679	46,469	-			66,148
Services:						
Treatment	2,207,246	5,439,731	1,510,893	2,176,306	745,012	12,079,188
Prevention	-	-	-	609,546	-	609,546
ARPA Grant	-	-	-	346,506	-	346,506
Total expense	2,313,766	5,700,218	1,599,570	3,283,813	745,012	13,642,380
PA2 Redirect			-	(1)	0	(1)
Net Surplus (Deficit)	\$ 1,242,458	\$ 38,198	\$ 273,857	\$ -	\$ 0	\$ 1,554,513

Northern Michigan Regional Entity

Statement of Activities and Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds October 1, 2023 through March 31, 2024

	PIHP MH	PIHP SUD	PIHP ISF	Total PIHP
Operating revenue				
Medicaid	\$ 99,865,627	\$ 3,556,224	\$ -	\$ 103,421,851
Medicaid Savings	845,073	-	-	845,073
Healthy Michigan	8,314,524	5,738,416	-	14,052,940
Healthy Michigan Savings	10,779,098	-	-	10,779,098
Health Home	1,435,090	-	-	1,435,090
Opioid Health Home	-	1,873,427	-	1,873,427
Substance Use Disorder Block Grant	-	3,283,814	-	3,283,814
Public Act 2 (Liquor tax)	-	745,014	-	745,014
Affiliate local drawdown	410,692	-	-	410,692
Performance Incentive Bonus	-	-	-	-
Miscellaneous Grant Revenue	-	2,667	-	2,667
Veteran Navigator Grant	37,675	-	-	37,675
SOR Grant Revenue	-	941,702	-	941,702
Gambling Grant Revenue	-	-	-	-
Other Revenue	35	-	4,054	4,089
Total operating revenue	121,687,814	16,141,264	4,054	137,833,132
Operating expenses				
General Administration	1,701,845	315,204	-	2,017,049
Prevention Administration	-	58,422	-	58,422
OHH Administration	-	41,705	-	41,705
BHH Administration	18,192	-	-	18,192
Insurance Provider Assessment	969,650	66,148	-	1,035,798
Hospital Rate Adjuster	1,994,132	-	-	1,994,132
Payments to Affiliates:				
Medicaid Services	94,390,927	2,207,246	-	96,598,173
Healthy Michigan Services	9,591,504	5,439,731	-	15,031,235
Health Home Services	1,178,206	-	-	1,178,206
Opioid Health Home Services	-	1,510,893	-	1,510,893
Community Grant	-	2,176,306	-	2,176,306
Prevention	-	551,124	-	551,124
State Disability Assistance	-	-	-	-
ARPA Grant	-	346,506	-	346,506
Public Act 2 (Liquor tax)	-	745,012	-	745,012
Local PBIP	35	-	-	35
Local Match Drawdown	297,408	-	-	297,408
Miscellaneous Grant	-	2,668	-	2,668
Veteran Navigator Grant	37,675	-	-	37,675
SOR Grant Expenses	-	941,702	-	941,702
Gambling Grant Expenses	-	-	-	-
Total operating expenses	110,179,574	14,402,667	-	124,582,241
CY Unspent funds	11,508,240	1,738,597	4,054	13,250,891
Transfers In	-	-	-	-
Transfers out	-	-	-	-
Unspent funds - beginning	3,058,071	5,220,509	20,576,156	28,854,736
Unspent funds - ending	\$ 14,566,311	\$ 6,959,106	\$ 20,580,210	\$ 42,105,627

Northern Michigan Regional Entity

Statement of Net Position

March 31, 2024

	PIHP MH	PIHP SUD	PIHP ISF	Total PIHP
Assets				
Current Assets				
Cash Position	\$ 50,010,396	\$ 5,456,374	\$ 20,580,210	\$ 76,046,980
Accounts Receivable	7,907,116	3,427,774	-	11,334,890
Prepays	106,007	-	-	106,007
Total current assets	58,023,519	8,884,148	20,580,210	87,487,877
Noncurrent Assets				
Capital assets	9,615	-	-	9,615
Total Assets	58,033,134	8,884,148	20,580,210	87,497,492
Liabilities				
Current liabilities				
Accounts payable	43,255,872	1,925,042	-	45,180,914
Accrued liabilities	210,917	-	-	210,917
Unearned revenue	34	-	-	34
Total current liabilities	43,466,823	1,925,042	-	45,391,865
Unspent funds	\$ 14,566,311	\$ 6,959,106	\$ 20,580,210	\$ 42,105,627

Northern Michigan Regional Entity

Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds

Budget to Actual - Mental Health

October 1, 2023 through March 31, 2024

	Total Budget	YTD Budget	YTD Actual	Variance Favorable (Unfavorable)	Percent Favorable (Unfavorable)
Operating revenue					
Medicaid					
* Capitation	\$ 187,752,708	\$ 93,876,354	\$ 99,865,627	\$ 5,989,273	6.38%
Carryover	11,400,000	-	845,073	845,073	-
Healthy Michigan					
Capitation	19,683,372	9,841,686	8,314,524	(1,527,162)	(15.52%)
Carryover	5,100,000	-	10,779,098	10,779,098	0.00%
Health Home	1,451,268	725,634	1,435,090	709,456	97.77%
Affiliate local drawdown	594,816	297,408	410,692	113,284	38.09%
Performance Bonus Incentive	1,334,531	1,334,531	-	(1,334,531)	(100.00%)
Miscellaneous Grants	-	-	-	-	0.00%
Veteran Navigator Grant	110,000	55,002	37,675	(17,327)	(31.50%)
Other Revenue	-	-	35	35	0.00%
Total operating revenue	227,426,695	106,130,615	121,687,814	15,557,199	14.66%
Operating expenses					
General Administration	3,591,836	1,781,628	1,701,845	79,783	4.48%
BHH Administration	-	-	18,192	(18,192)	0.00%
Insurance Provider Assessment	1,897,524	948,762	969,650	(20,888)	(2.20%)
Hospital Rate Adjuster	4,571,328	2,285,664	1,994,132	291,532	12.75%
Local PBIP	1,737,753	-	35	(35)	0.00%
Local Match Drawdown	594,816	297,408	297,408	-	0.00%
Miscellaneous Grants	-	-	-	-	0.00%
Veteran Navigator Grant	110,004	45,858	37,675	8,183	17.84%
Payments to Affiliates:					
Medicaid Services	176,618,616	88,309,308	94,390,927	(6,081,619)	(6.89%)
Healthy Michigan Services	17,639,940	8,819,970	9,591,504	(771,534)	(8.75%)
Health Home Services	1,415,196	707,598	1,178,206	(470,608)	(66.51%)
Total operating expenses	208,177,013	103,196,196	110,179,574	(6,983,378)	(6.77%)
CY Unspent funds	\$ 19,249,682	\$ 2,934,419	11,508,240	\$ 8,573,821	
Transfers in			-		
Transfers out			-	110,179,574	
Unspent funds - beginning			3,058,071		
Unspent funds - ending			\$ 14,566,311	11,508,240	

Northern Michigan Regional Entity

Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds

Budget to Actual - Substance Abuse

October 1, 2023 through March 31, 2024

	Total Budget	YTD Budget	YTD Actual	Variance Favorable (Unfavorable)	Percent Favorable (Unfavorable)
Operating revenue					
Medicaid	\$ 4,678,632	\$ 2,339,316	\$ 3,556,224	\$ 1,216,908	52.02%
Healthy Michigan	11,196,408	5,598,204	5,738,416	140,212	2.50%
Substance Use Disorder Block Grant	6,467,905	3,233,950	3,283,814	49,864	1.54%
Opioid Health Home	3,419,928	1,709,964	1,873,427	163,463	9.56%
Public Act 2 (Liquor tax)	1,533,979	-	745,014	745,014	0.00%
Miscellaneous Grants	4,000	2,000	2,667	667	33.35%
SOR Grant	2,043,984	1,021,992	941,702	(80,290)	(7.86%)
Gambling Prevention Grant	200,000	100,000	-	(100,000)	(100.00%)
Other Revenue	-	-	-	-	0.00%
Total operating revenue	29,544,836	14,005,426	16,141,264	2,135,838	15.25%
Operating expenses					
Substance Use Disorder:					
SUD Administration	1,082,576	511,290	315,204	196,086	38.35%
Prevention Administration	118,428	59,214	58,422	792	1.34%
Insurance Provider Assessment	113,604	56,802	66,148	(9,346)	(16.45%)
Medicaid Services	3,931,560	1,965,780	2,207,246	(241,466)	(12.28%)
Healthy Michigan Services	10,226,004	5,113,002	5,439,731	(326,729)	(6.39%)
Community Grant	2,074,248	1,037,124	2,176,306	(1,139,182)	(109.84%)
Prevention	634,056	317,028	551,124	(234,096)	(73.84%)
State Disability Assistance	95,215	47,611	-	47,611	100.00%
ARPA Grant	-	-	346,506	(346,506)	0.00%
Opioid Health Home Admin	-	-	41,705	(41,705)	0.00%
Opioid Health Home Services	3,165,000	1,582,500	1,510,893	71,607	4.52%
Miscellaneous Grants	4,000	2,000	2,668	(668)	(33.40%)
SOR Grant	2,043,984	1,021,992	941,702	80,290	7.86%
Gambling Prevention	200,000	100,000	-	100,000	100.00%
PA2	1,533,978	-	745,012	(745,012)	0.00%
Total operating expenses	25,222,653	11,814,343	14,402,667	(2,588,324)	(21.91%)
CY Unspent funds	\$ 4,322,183	\$ 2,191,083	1,738,597	\$ (452,486)	
Transfers in			-		
Transfers out			-		
Unspent funds - beginning			5,220,509		
Unspent funds - ending			\$ 6,959,106		

Northern Michigan Regional Entity

Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds

Budget to Actual - Mental Health Administration

October 1, 2023 through March 31, 2024

	Total Budget	YTD Budget	YTD Actual	Variance Favorable (Unfavorable)	Percent Favorable (Unfavorable)
General Admin					
Salaries	\$ 1,921,812	\$ 960,906	\$ 901,333	\$ 59,573	6.20%
Fringes	666,212	316,812	293,235	23,577	7.44%
Contractual	683,308	341,658	306,439	35,219	10.31%
Board expenses	18,000	9,000	9,701	(701)	(7.79%)
Day of recovery	14,000	9,000	525	8,475	94.17%
Facilities	152,700	76,350	72,076	4,274	5.60%
Other	135,804	67,902	118,536	(50,634)	(74.57%)
Total General Admin	<u>\$ 3,591,836</u>	<u>\$ 1,781,628</u>	<u>\$ 1,701,845</u>	<u>\$ 79,783</u>	<u>4.48%</u>

Northern Michigan Regional Entity

Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds

Budget to Actual - Substance Abuse Administration

October 1, 2023 through March 31, 2024

	Total Budget	YTD Budget	YTD Actual	Variance Favorable (Unfavorable)	Percent Favorable (Unfavorable)
SUD Administration					
Salaries	\$ 502,752	\$ 251,376	\$ 133,609	\$ 117,767	46.85%
Fringes	145,464	72,732	28,226	44,506	61.19%
Access Salaries	220,620	110,310	60,498	49,812	45.16%
Access Fringes	67,140	33,570	20,592	12,978	38.66%
Access Contractual	-	-	-	-	0.00%
Contractual	129,000	37,500	55,679	(18,179)	(48.48%)
Board expenses	5,000	2,502	3,105	(603)	(24.10%)
Day of Recover	-	-	-	-	0.00%
Facilities	-	-	-	-	0.00%
Other	12,600	3,300	13,495	(10,195)	(308.94%)
Total operating expenses	\$ 1,082,576	\$ 511,290	\$ 315,204	\$ 196,086	38.35%

Northern Michigan Regional Entity

Schedule of PA2 by County

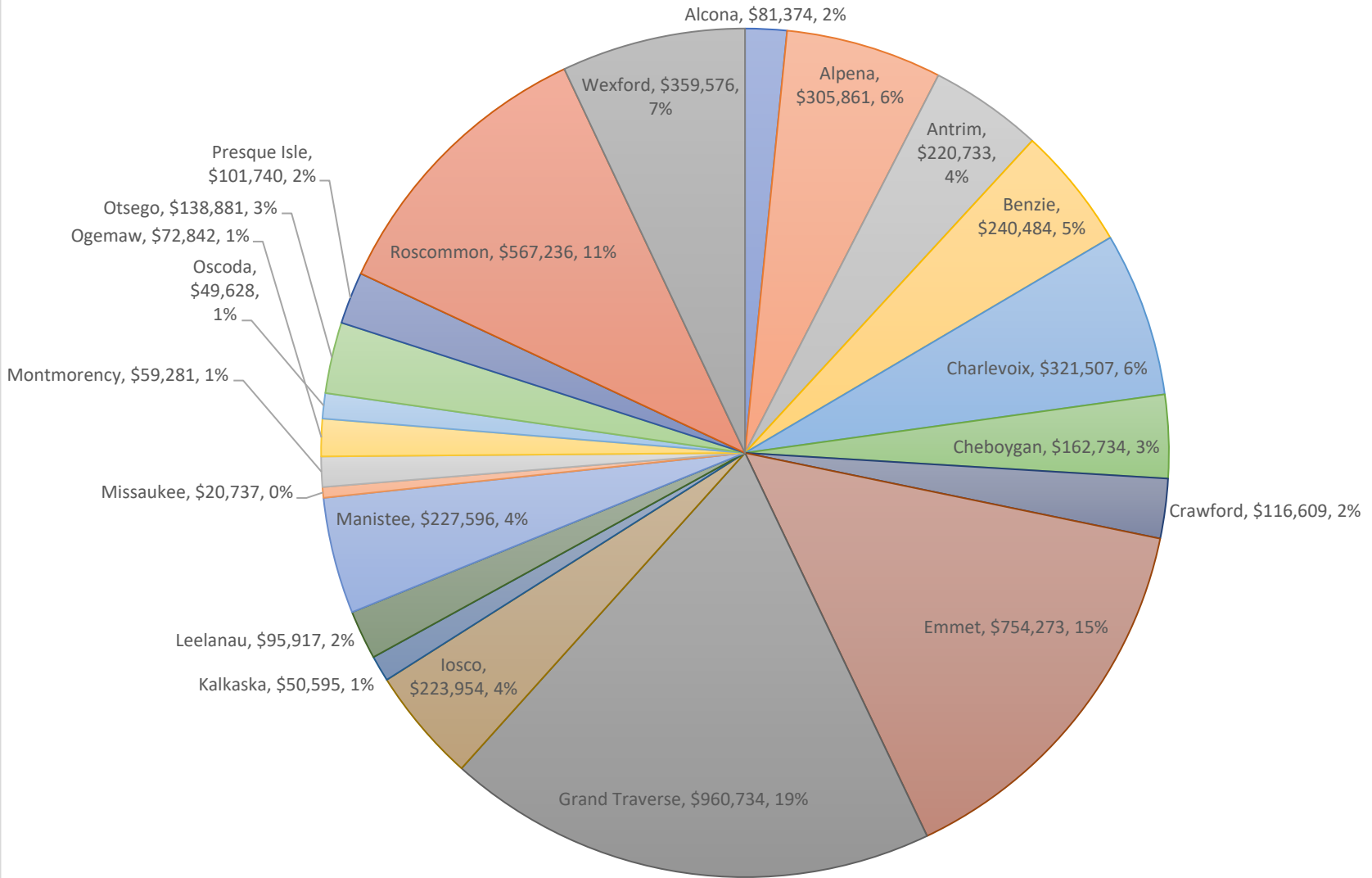
October 1, 2023 through March 31, 2024

County	Projected FY24 Activity				Actual FY24 Activity			
	Beginning Balance	FY24 Projected Revenue	FY24 Approved Projects	Projected Ending Balance	Current Receipts	County Specific Projects	Region Wide Projects by Population	Ending Balance
Actual Expenditures by County								
Alcona	\$ 79,250	\$ 23,184	\$ 47,690	\$ 54,744	\$ 8,183	5,344	\$ 715	\$ 81,374
Alpena	302,452	80,118	115,089	267,482	28,891	23,517	1,965	305,861
Antrim	212,068	66,004	72,490	205,582	25,399	15,126	1,608	220,733
Benzie	224,046	59,078	21,930	261,194	22,765	5,113	1,213	240,484
Charlevoix	336,031	101,224	272,367	164,889	38,039	50,759	1,805	321,507
Cheboygan	163,153	84,123	141,260	106,016	30,405	29,073	1,751	162,734
Crawford	107,533	36,525	20,706	123,352	12,874	2,837	960	116,609
Emmet	771,608	181,672	478,053	475,227	65,054	80,097	2,291	754,273
Grand Traverse	1,035,890	440,668	524,017	952,541	165,048	233,865	6,338	960,734
Iosco	253,083	83,616	190,357	146,341	29,982	57,374	1,737	223,954
Kalkaska	42,471	41,470	34,179	49,762	14,862	5,521	1,217	50,595
Leelanau	86,055	62,190	51,029	97,215	22,690	11,333	1,495	95,917
Manistee	204,938	83,138	24,985	263,090	29,328	4,984	1,686	227,596
Missaukee	17,521	21,128	5,832	32,818	7,948	3,697	1,035	20,737
Montmorency	51,302	31,822	21,810	61,313	10,780	2,162	639	59,281
Ogemaw	96,797	74,251	96,041	75,006	24,460	46,966	1,448	72,842
Oscoda	55,406	20,578	38,064	37,920	7,705	12,910	572	49,628
Otsego	125,550	96,172	101,106	120,616	37,360	22,335	1,694	138,881
Presque Isle	96,731	25,177	85,120	36,788	8,881	2,989	883	101,740
Roscommon	559,806	82,157	87,287	554,676	31,048	21,969	1,650	567,236
Wexford	398,819	100,198	166,138	332,880	35,095	72,041	2,297	359,576
	<u>5,220,509</u>	<u>1,794,492</u>	<u>2,595,550</u>	<u>4,419,450</u>	<u>656,798</u>	<u>710,013</u>	<u>35,000</u>	<u>5,132,294</u>

PA2 Redirect

-
5,132,294

PA2 FUND BALANCES BY COUNTY



Northern Michigan Regional Entity

Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds

Budget to Actual - ISF

October 1, 2023 through March 31, 2024

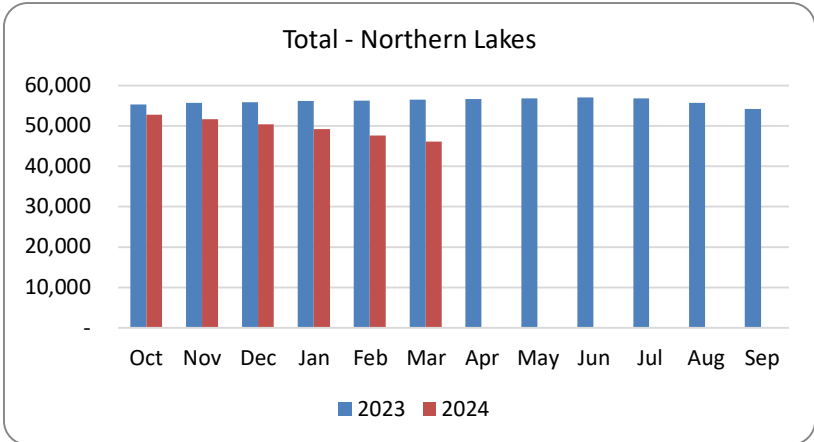
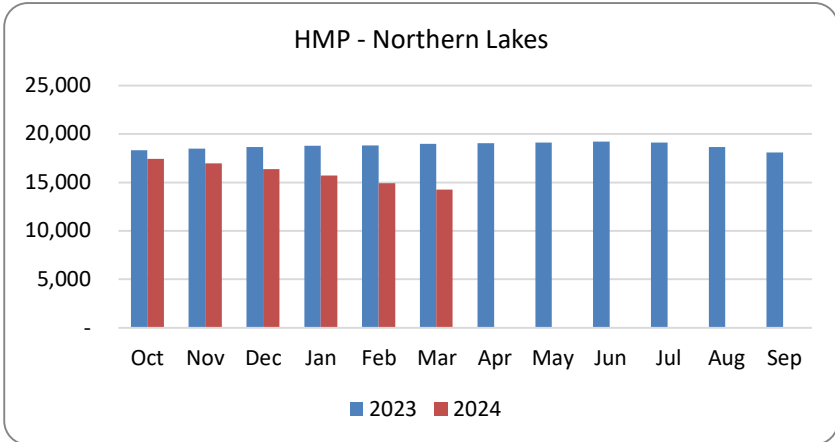
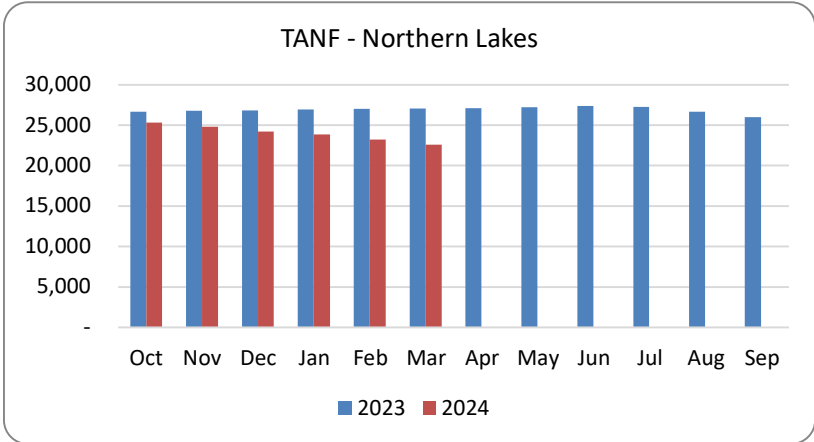
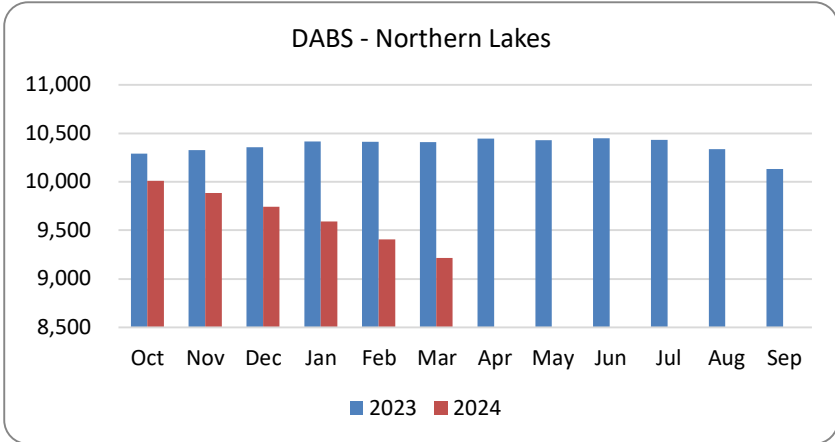
	Total Budget	YTD Budget	YTD Actual	Variance Favorable (Unfavorable)	Percent Favorable (Unfavorable)
Operating revenue					
Charges for services	\$ -	\$ -	\$ -	\$ -	0.00%
Interest and Dividends	7,500	3,750	4,054	304	8.11%
Total operating revenue	7,500	3,750	4,054	304	8.11%
Operating expenses					
Medicaid Services	-	-	-	-	0.00%
Healthy Michigan Services	-	-	-	-	0.00%
Total operating expenses	-	-	-	-	0.00%
CY Unspent funds	\$ 7,500	\$ 3,750	4,054	\$ 304	
Transfers in			-		
Transfers out			-	-	
Unspent funds - beginning			20,576,156		
Unspent funds - ending			\$ 20,580,210		

Northern Michigan Regional Entity

Narrative

October 1, 2023 through March 31, 2024

Northern Lakes Eligible Members Trending - based on payment files

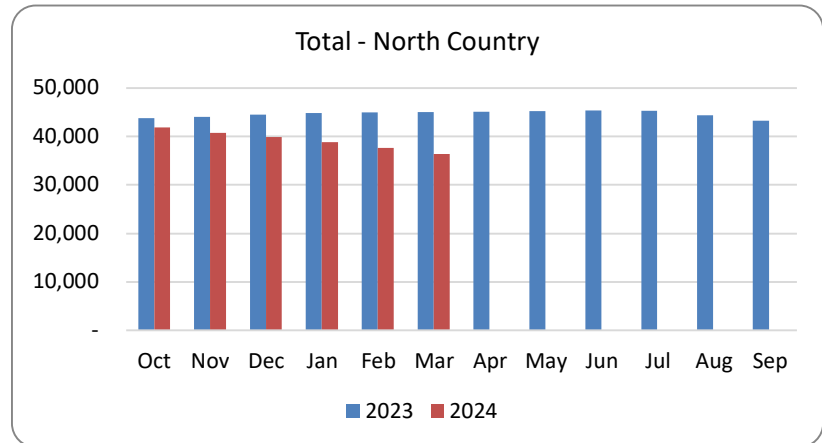
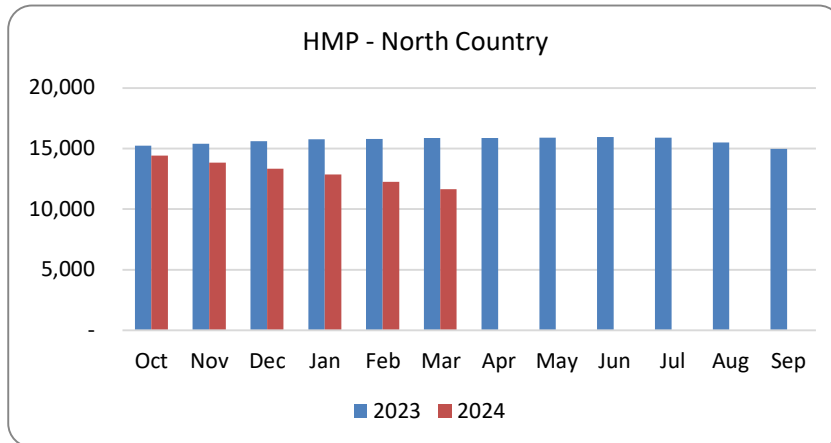
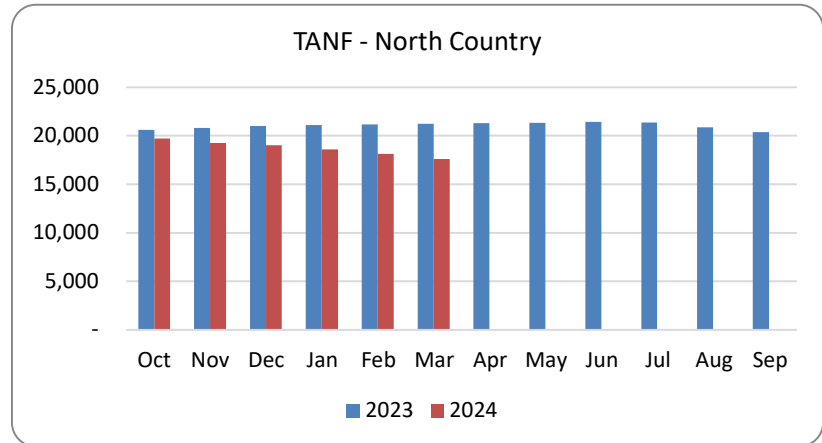
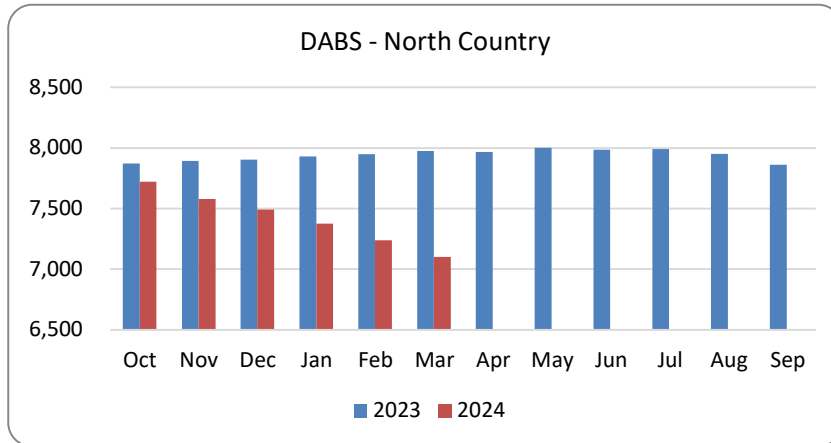


Northern Michigan Regional Entity

Narrative

October 1, 2023 through March 31, 2024

North Country Eligible Members Trending - based on payment files

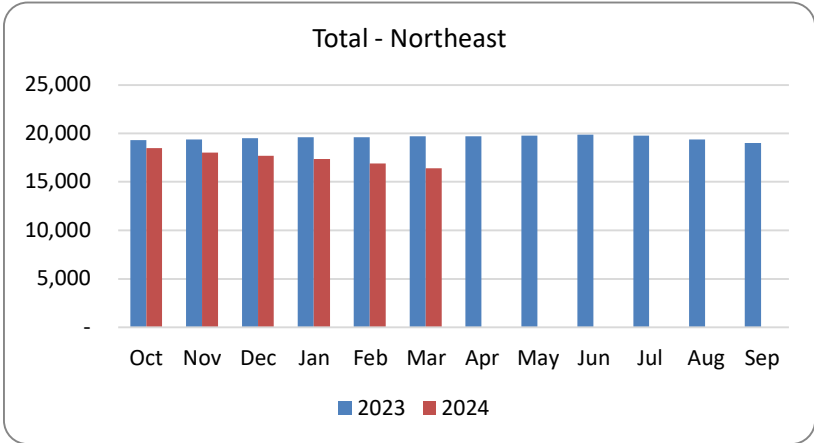
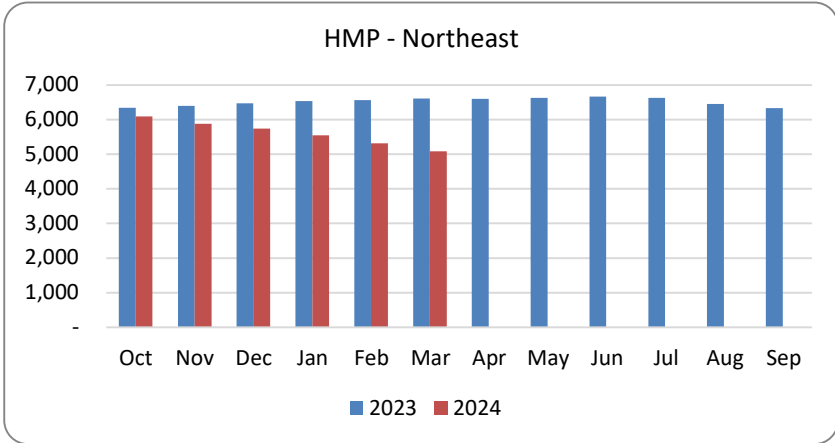
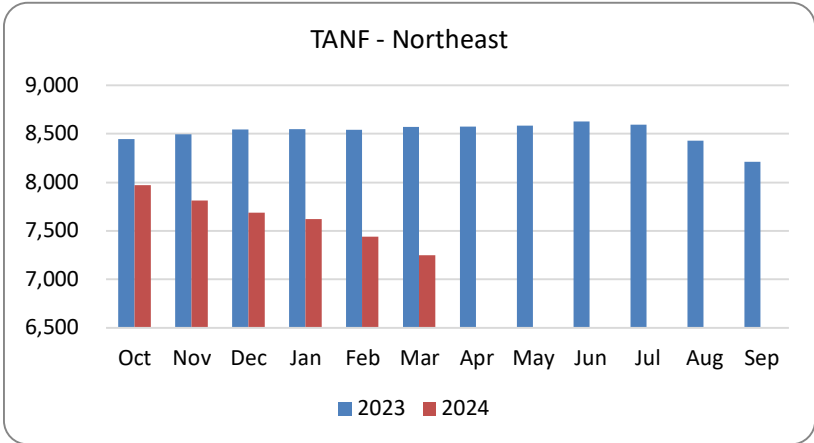
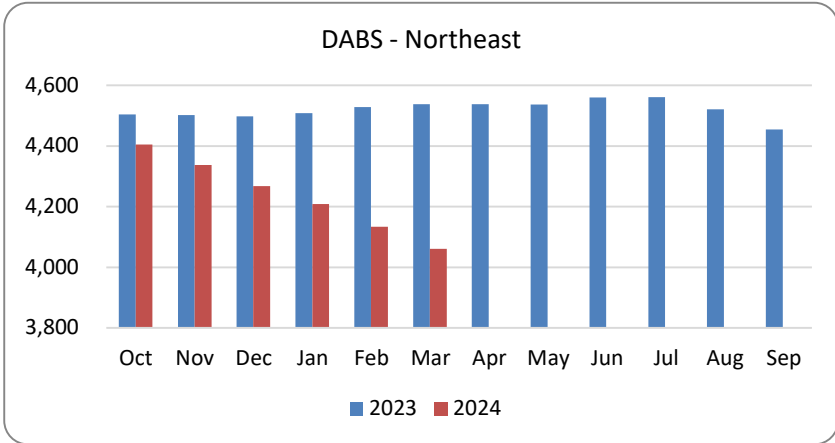


Northern Michigan Regional Entity

Narrative

October 1, 2023 through March 31, 2024

Northeast Eligible Members Trending - based on payment files

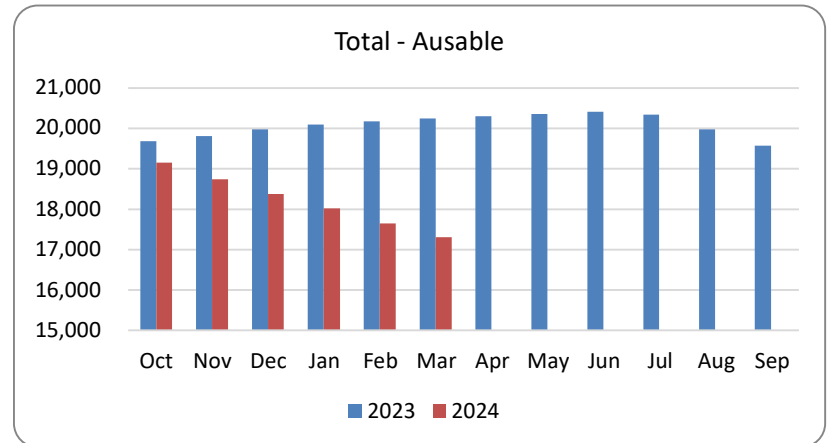
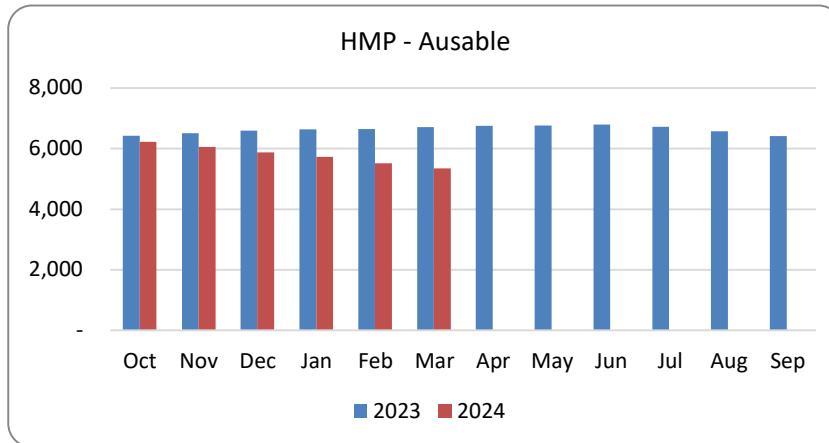
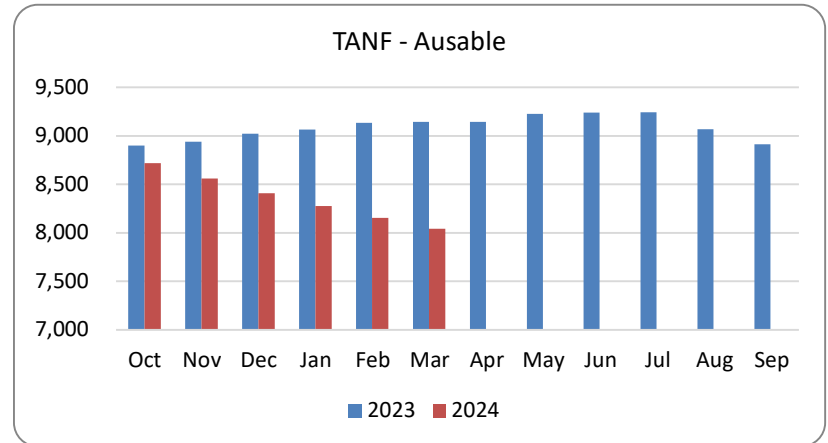
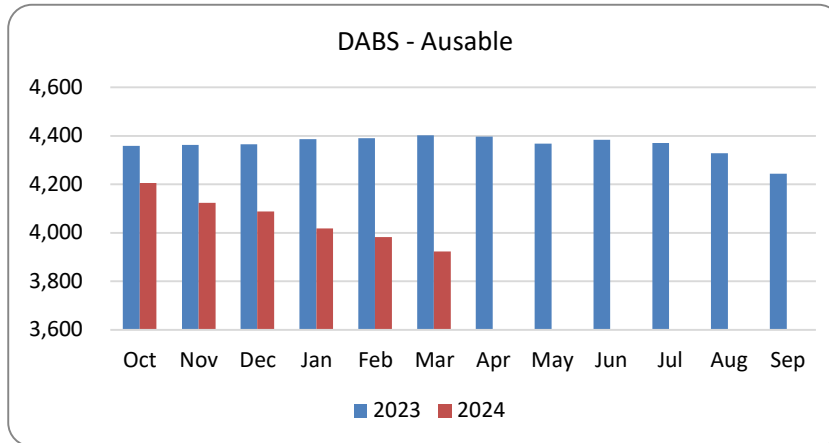


Northern Michigan Regional Entity

Narrative

October 1, 2023 through March 31, 2024

Ausable Valley Eligible Members Trending - based on payment files

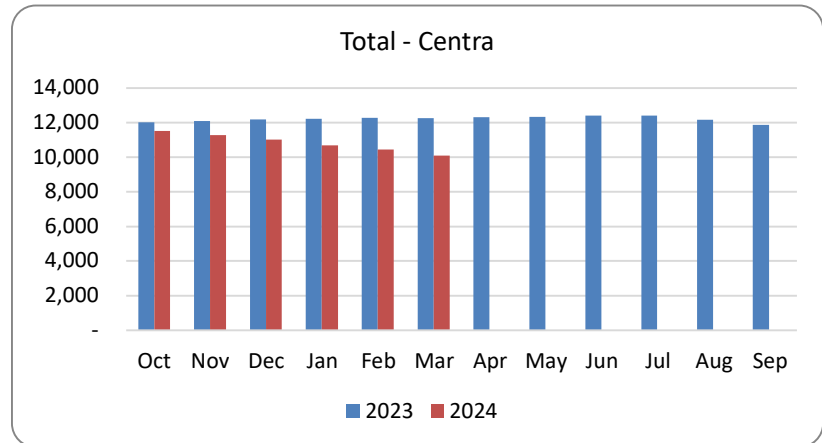
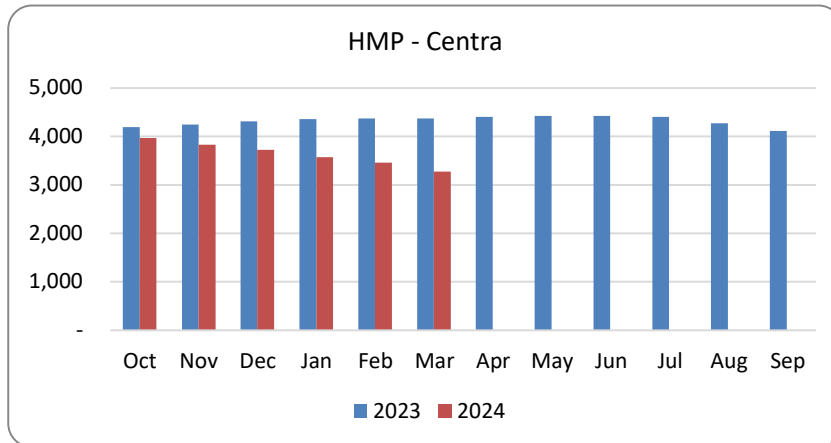
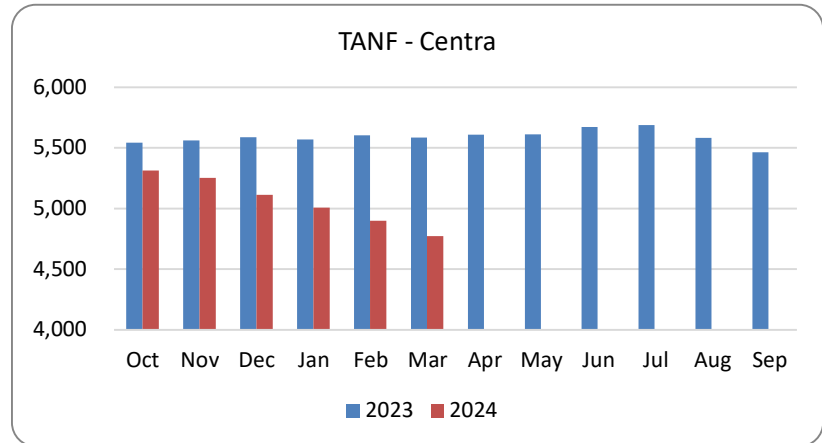
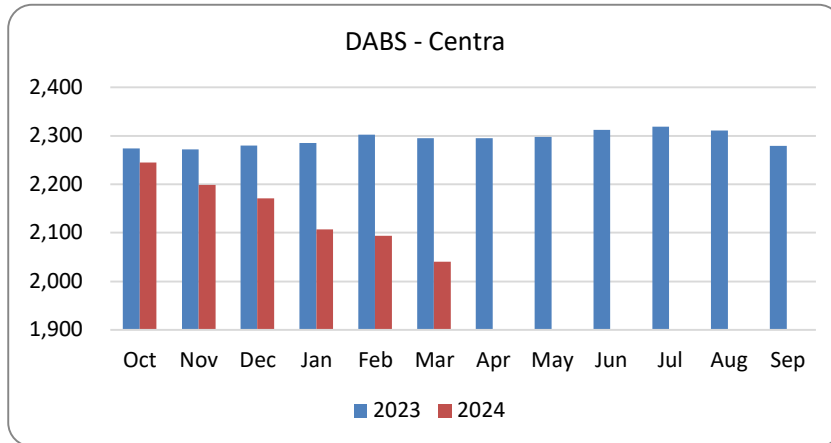


Northern Michigan Regional Entity

Narrative

October 1, 2023 through March 31, 2024

Centra Wellness Eligible Members Trending - based on payment files

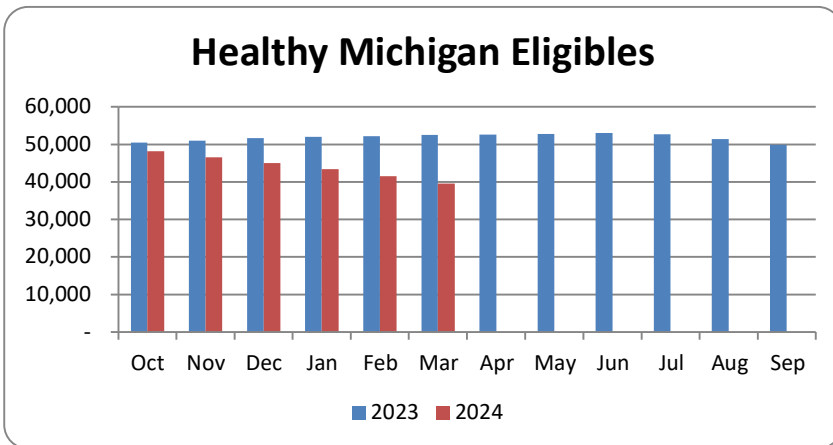
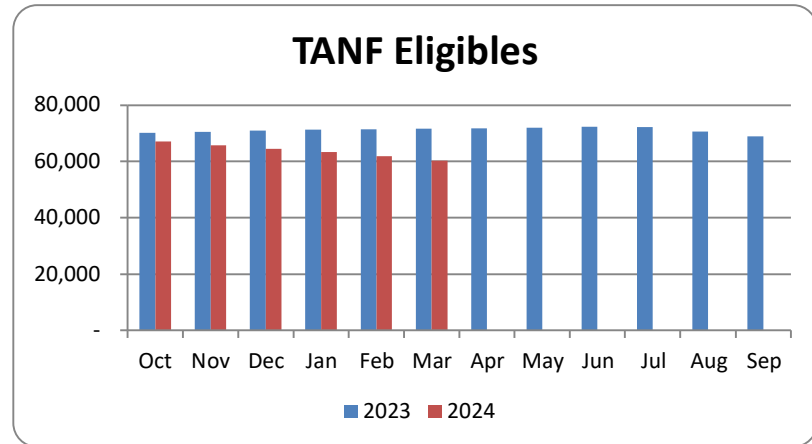
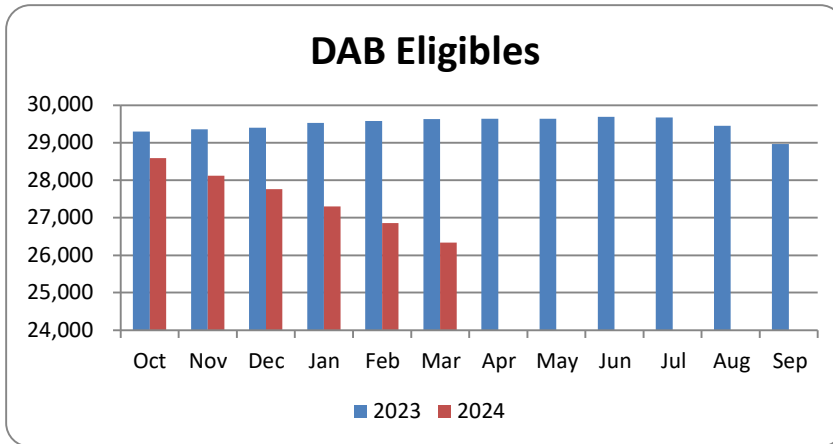


Northern Michigan Regional Entity

Narrative

October 1, 2023 through March 31, 2024

Regional Eligible Trending

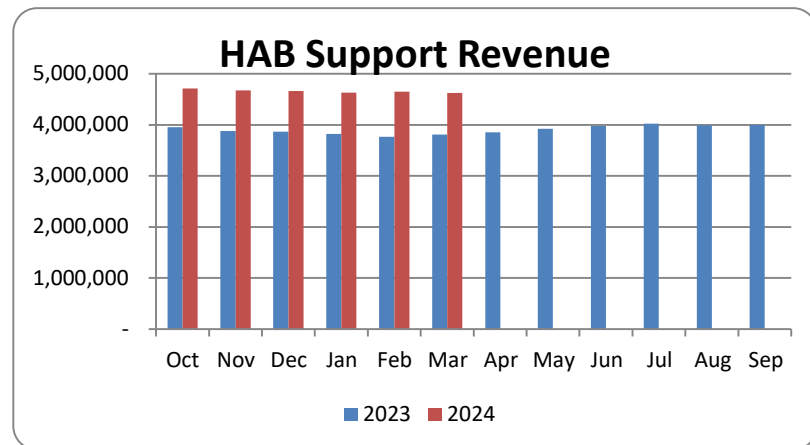
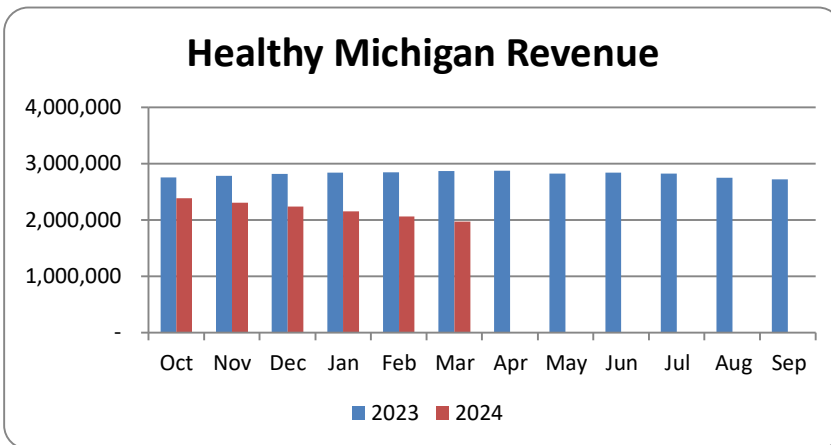
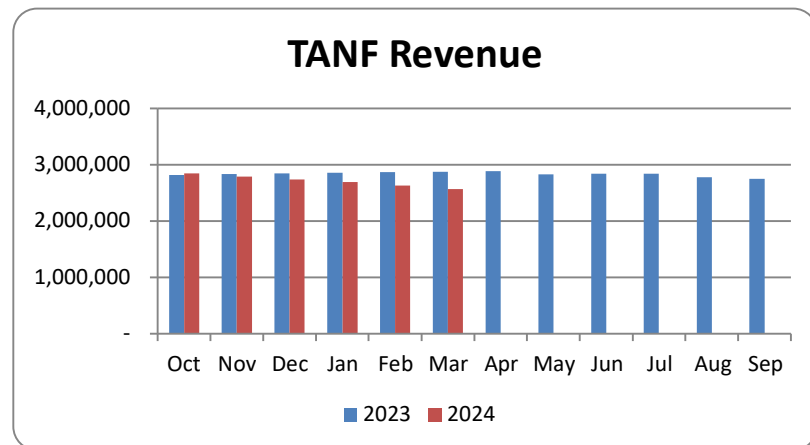
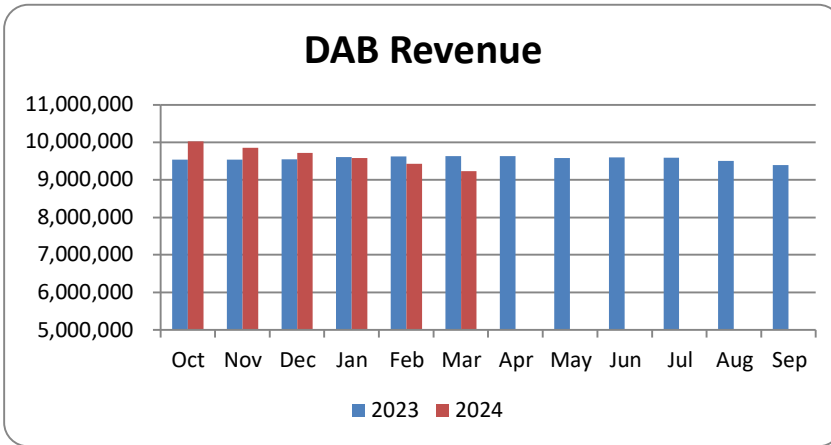


Northern Michigan Regional Entity

Narrative

October 1, 2023 through March 31, 2024

Regional Revenue Trending



**NORTHERN MICHIGAN REGIONAL ENTITY
 SUBSTANCE USE DISORDER OVERSIGHT COMMITTEE MEETING
 10:00AM – MAY 6, 2024
 GAYLORD CONFERENCE ROOM & MICROSOFT TEAMS**

Alcona	<input checked="" type="checkbox"/> Carolyn Brummund	Kalkaska	<input type="checkbox"/> David Comai
Alpena	<input checked="" type="checkbox"/> Burt Francisco	Leelanau	<input type="checkbox"/> Vacant
Antrim	<input checked="" type="checkbox"/> Pam Singer	Manistee	<input checked="" type="checkbox"/> Richard Schmidt
Benzie	<input checked="" type="checkbox"/> Tim Markey	Missaukee	<input type="checkbox"/> Vacant
Charlevoix	<input checked="" type="checkbox"/> Anne Marie Conway	Montmorency	<input checked="" type="checkbox"/> Don Edwards
Cheboygan	<input checked="" type="checkbox"/> John Wallace	Ogemaw	<input checked="" type="checkbox"/> Ron Quackenbush
Crawford	<input type="checkbox"/> Sherry Powers	Oscoda	<input checked="" type="checkbox"/> Chuck Varner
Emmet	<input checked="" type="checkbox"/> Terry Newton	Otsego	<input checked="" type="checkbox"/> Doug Johnson
Grand		Presque Isle	<input checked="" type="checkbox"/> Dana Labar
Traverse	<input checked="" type="checkbox"/> Dave Freedman	Roscommon	<input checked="" type="checkbox"/> Darlene Sensor
Iosco	<input checked="" type="checkbox"/> Jay O'Farrell	Wexford	<input checked="" type="checkbox"/> Gary Taylor
Staff	<input checked="" type="checkbox"/> Bea Arsenov		Clinical Services Director
	<input checked="" type="checkbox"/> Jodie Balhorn		Prevention Coordinator
	<input checked="" type="checkbox"/> Carol Balousek		Executive Administrator
	<input checked="" type="checkbox"/> Lisa Hartley		Claims Assistant
	<input checked="" type="checkbox"/> Eric Kurtz		Chief Executive Officer
	<input checked="" type="checkbox"/> Pamela Polom		Finance Specialist
	<input type="checkbox"/> Brandon Rhue		Chief Information Officer/Operations Director
	<input checked="" type="checkbox"/> Denise Switzer		Grant and Treatment Manager
	<input checked="" type="checkbox"/> Deanna Yockey		Chief Financial Officer
Public	Chip Cieslinski, Kassondra Glenister, Marjie Rich, Ellen Templeton		

CALL TO ORDER

Let the record show that Committee Vice-Chair Jay O'Farrell called the meeting to order at 10:00AM.

ROLL CALL

Let the record show that from David Comai and Sherry Powers were absent for the meeting on this date; all other SUD Oversight Committee Members were in attendance either in Gaylord or virtually.

PLEDGE OF ALLEGIANCE

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

APPROVAL OF PAST MINUTES

The March minutes were included in the materials for the meeting on this date.

**MOTION BY PAM SINGER TO APPROVE THE MINUTES OF THE MARCH 4, 2024
 NORTHERN MICHIGAN REGIONAL ENTITY SUBSTANCE USE DISORDER OVERSIGHT
 COMMITTEE MEETING; SUPPORT BY TERRY NEWTON. MOTION CARRIED.**

APPROVAL OF AGENDA

Let the record show that no additions or revisions to the meeting Agenda were proposed.

MOTION BY RON QUACKENBUSH TO APPROVE THE AGENDA FOR THE MAY 6, 2024 MEETING OF THE NORTHERN MICHIGAN REGIONAL ENTITY SUBSTANCE USE DISORDER OVERSIGHT COMMITTEE; SUPPORT BY DAVE FREEDMAN. MOTION CARRIED.

ANNOUNCEMENTS

Leelanau and Missaukee Counties have been contacted about the need to appoint a representative to the committee. Sherry Powers has notified the NMRE about her intention to resign as the representative from Crawford County.

ACKNOWLEDGEMENT OF CONFLICT OF INTEREST

Let the record show that Mr. O’Farrell called for any conflicts of interest to any of the meeting agenda items; none were declared.

INFORMATIONAL REPORTS

Admissions

The admissions report through March 31, 2024 was included in the materials for the meeting on this date. Admissions were down 2.4% from the same period in FY23. The data showed that outpatient was the highest level of treatment admissions at 42%, and alcohol was the most prevalent primary substance at 59%, All opiates (including heroin) were second at 18.3%, and methamphetamine was the third most prevalent primary substance at 16%. It was noted that stimulant use is rising sharply throughout the 21-county region. Ms. Arsenov clarified that the report only captures primary substance use; methamphetamine is also frequently a secondary substance.

County-specific reports were distributed to Committee members on this date. Ms. Singer called the report “awesome.” The county-specific reports are intended to be shared with Boards of Commissioners and other community stakeholders.

Ms. Singer requested that the “Total Number of Admissions” be separated by month. She also requested that pie charts be converted to bar graphs.

Mr. Freedman requested that the reports stop at the end of the month, rather than reporting a partial month’s data.

These changes will be made to future reports.

February Financial Report

SUD services through December 31, 2023 showed all funding source revenue of \$12,872,838 and \$11,515,860 in expenses, resulting in a net surplus of \$1,356,978. Total PA2 funds were reported as \$4,759,803.

Projected FY24 PA2 Activity			
Beginning Balance	Projected Revenue	Approved Projects	Projected Ending Balance
\$5,220,509	\$1,794,492	\$2,595,550	\$4,419,450

Actual FY24 PA2 Activity			
Beginning Balance	Current Receipts	Current Expenditures	Current Ending Balance
\$5,220,509	\$180,653	\$641,360	\$4,759,803

LIQUOR TAX PARAMETERS DISCUSSION

A discussion about setting guidelines for liquor applications and projects took place during the March meeting. Based on feedback from the Committee, a list of parameters was compiled and presented and approved by the NMRE Board on April 24, 2024. The are as follows:

- The NMRE will update projected end balances for each county for the current fiscal year monthly. New applications will be compared to projected end balances to ensure that there is adequate funding in the county to financially support the request.
- If possible, depending on SUD Block Grant usage, a balance equivalent to one year’s revenue will remain as a fund balance for each county.
- Project requests for services that can be covered by routine funding from other sources (Medicaid, Healthy Michigan) will not be considered.
- To be considered, applications must be for substance use disorder prevention, treatment, or recovery services or supports.
- Region-wide (21 county) requests should be limited to media requests; other region-wide requests will be evaluated on a case-by-case basis.
- Multi-county requests (2 or more) must include detailed information on the provision of services and/or project activities for each county from which funds are requested.
- Staff who receive staffing grants via liquor tax approvals will not be eligible to bill services to the NMRE.
- Applications that include any purchase of buildings or automobiles, renovations of any kind, or any other capital investments* will not be considered.
- Budget Requirements:
 - Budgets must include information in all required fields.
 - Fringe benefit budget requests that exceed 30% should be broken out by Health, Dental, Vision, Retirement, taxes, etc. totals and be subject to NMRE staff and Board approval.
 - Indirect costs, when applicable, should **not** exceed 10% of the requested budget total.
 - Liquor tax funds may be used to cover up to one FTE (across all projects) per person.
 - The amount requested for salaries should be based on the staff person’s actual salary and not the billable rate.
 - All staff participating in PA2 funded activities are to be listed under budget FTEs (not under indirect cost).
- Requests for liquor tax funds should be coordinated with area stakeholders (CMHSPs, SUD Oversight Committee Members, County Commissioners, courts, law enforcement, SUD services providers) whenever possible.
 - Requestor should inform the county of the request submission at the same time submission to NMRE is completed.

* “Capital investment” refers to funds invested in a company or enterprise to further its business objectives. Capital investments are often used to acquire or upgrade physical assets such as property, buildings, or equipment to expand or improve long-term productivity or efficiency. (Source: Nasdaq)

If at the end of the NMRE's fiscal year there is excess SUD Block Grant funding available, it will be used to offset liquor tax expenses as opposed to lapsing SUD Block Grant funding. In reverse, if SUD Block Grant funding runs a deficit, PA2 funding is used for treatment deficits, normally for under or uninsured clients.

Ms. Singer requested that the parameters be included in packets that contain liquor tax requests as a reminder to SUD Oversight Committee Members.

LIQUOR TAX AND BLOCK GRANT FUNDING INTERPLAY

A chart showing the flow of PA2/liquor tax funds was included in the meeting materials as were graphs comparing the usage of block grant funding in FY23 and FY24. Ms. Arsenov reviewed the chart and graphs.

Due to the rapid decline in HMP enrollment (approximately 20%), the NMRE will likely have to rely on liquor tax funds to supplement SUD Block Grant funding in FY24.

The first five months of FY24 (through March 31, 2024) saw a 60% increase in block grant spending vs. the same period in FY23. The NMRE has been tracking Block Grant spending by level of care, provider, and specific codes.

Clarification was made that counties may now retain 60% of liquor tax funds and forward 40% on to the PIHP (it used to be a 50%/50% split). The method used to calculate the funding has changed, however, resulting in an overall increase in the amount of liquor tax funds available for SUD prevention, treatment, and recovery support services.

By February 2025, the NMRE should have a greater indication of whether the drop in HMP enrollment has stabilized. It is conceivable that PA2 fund balances equivalent to one year's receivables may not be possible to maintain.

OHH PAY-FOR-PERFORMANCE (P4P)

Ms. Arsenov announced that the NMRE earned its full Pay for Performance (P4P) withhold of \$209,042.82 plus and additional \$62,794.23 due to other regions not meeting all the required metrics for the Opioid Health Home. Program. The NMRE will pass all of the \$271,837.06 total amount to its Opioid Health Home partners.

LIQUOR TAX REQUESTS

1) 217 Recovery – Message of Hope, Part III

Grand Traverse	\$	4,783
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The recommendation by NMRE was to approve.

MOTION BY DAVE FREEDMAN TO APPROVE THE REQUEST FROM 217 RECOVERY CENTER FOR LIQUOR TAX DOLLARS IN THE AMOUNT OF FOUR THOUSAND SEVEN HUNDRED EIGHTY-THREE DOLLARS TO FUND PART THREE (III) OF THE MESSAGE OF HOPE RECOVERY STORIES PROGRAM; SUPPORT BY TERRY NEWTON. MOTION CARRIED. MOTION CARRIED.

Discussion: Mr. Freedman shared that he has been involved with 217 Recovery and they are doing a great job.

County Overviews

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

	Projected FY24 Available Balance	Amount Approved March 4, 2024	Projected Remaining Balance
Grand Traverse	\$511,873.28	\$4,783.00	\$507,090.28

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

PRESENTATION

RISE Otsego Substance Free Coalition

Ellen Templeton, Project Coordinator for RISE Otsego Substance Free Coalition, was in attendance to provide an update on coalition activities and events over the past year.

RISE youth led/adult guided Otsego Substance Free Coalition empowers youth to achieve their fullest potential. Through education, the coalition strives to reduce alcohol, marijuana, nicotine, and other drug use in Otsego County and provide students, parents, and educators with resources and information to create community-level change.

Mr. Freedman thanked Ms. Templeton for her efforts, noting that the coalition is doing a "fantastic job."

Mr. Johnson mentioned that he attended a regional high school track meet and noticed that RISE sponsored the concession popcorn bags.

Generations Ahead

Marjie Rich, Executive Director, was in attendance to inform SUD Oversight Committee Members about Generations Ahead.

Generations Ahead helps young parents overcome the obstacles of teen pregnancy by supporting them to complete their high school education, fostering independence, and building trusting relationships so they may lead fulfilling lives with a stable family environment.

Services provided by Generations Ahead include:

- Mentor Program
- Baby Pantry
- Referrals to Community Partners
- Career Internships
- Education Support
- Partners of Joy
- Playgroups
- Family Enrichment Activities

PUBLIC COMMENT

Mr. Freedman said that he attended a benefit hockey game, put on in memory of a man who died from SUD. The audience was asked whether they had been affected by SUD; 90% indicated that they had.

Ms. Singer encouraged attendees to participate in the Northwest Community Health Innovation Region (CHIR) 21-day challenge to reduce stigma. Each day of the challenge focuses on a stigma-related topic. More can be found by visiting: [21-Day Stigma Challenge – Northern Michigan CHIR](#).

Ms. Singer announced that the Petoskey District Library is hosting a Human Library event on Saturday, August 3rd from 11AM-3PM. The Human Library is a library of people and their experiences with prejudice. Instead of books, actual people are on loan for conversations. The concept is about acknowledging and challenging prejudice that we all carry towards one another. More can be found by visiting: [Human Library Coming to Petoskey District Library - Petoskey District Library \(petoskeylibrary.org\)](#).

NEXT MEETING

The next meeting was scheduled for July 8, 2024 at 10:00AM.

ADJOURN

Let the record show that Mr. Schmidt adjourned the meeting at 11:52AM.

RECOVERY STORIES: MESSAGE OF HOPE PART III – 217 RECOVERY (NEW)

Organization/Fiduciary:	217 Recovery
County:	Grand Traverse
Project Total:	\$ 4,783

DESCRIPTION:

On June 20th, we will host the third Recovery Stories: Message of Hope. The first two we served people food. With the attendance rising from the first to the second, we expect the third to be the same with more people attending to listen to local people from the recovery community telling stories and giving messages of hope to the audience of people, families, and those still struggling with SUD. Providing Sober Eats to serve the people will put less stress on our staff and allow for more tables and chairs to be placed inside for people to sit and enjoy the speakers and the event.

Recommendation: Approve

County	Project	Requested Budget
Grand Traverse	Recovery Stories: Message of Hope Part III – 217 Recovery	\$4,783

GRAND TRAVERSE COUNTY OVERVIEW

Projected Available FY24 Balance **\$511,873.28**

Project	Requested Budget	Remaining County Running Balance
217 Recovery – Recovery Stories: Message of Hope; Part III	\$4,783	\$507,090.28

County	One Year Fund Balance (withheld)	Projected FY24 Available Balance	Sum of Requested Project Amounts	Projected Remaining Balance
Grand Traverse	\$440,667.60	\$511,873.28	\$4,783	\$507,090.28



Human Resource Assessment Report

PROFESSIONAL SERVICES REPORT FOR

NMRE Assessment of Northern Lakes CMHA

Submitted by:
Kerreen Conley, Principal

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Introduction

In today's business world, a knowledgeable Human Resources (HR) Department is more important than ever. HR encompasses everything from identifying staffing needs, orienting, and training employees, understanding federal and state laws, and implementing policies that safeguard workers while minimizing risk. The consequences of a major HR mistake or oversight can be devastating both legally and economically to Northern Lakes CMHA.

Taking the time out of your busy schedule to take a close objective look at your Human Resources policies and practices can be an overwhelming task. The objective review of the current state of your processes, procedures and policies is a vital means of evaluating whether specific areas are adequate, legal and/or effective, and help avoid regulatory liability that may arise from non-compliant or non-existent HR policies and practices.

The objectives of this Human Resources Assessment included the following:

- Identify problems and concerns and recommend improvements for Northern Lakes CMHA to review and implement.
- Ensure that Northern Lakes CMHA is compliant with local, state and government regulations.
- Assess the human resources needs for the overall Northern Lakes CMHA organization.
- Identify if barriers or obstacles exist.
- Survey the employee engagement of the organization.

While Human Resources is not often considered a revenue generating department in an organization, good Human Resources practices affect every aspect of productivity by securing and retaining qualified, trained, engaged, motivated employees who have the information and resources needed to perform effectively. These practices include a rich and diverse array of tasks including, but not limited to employee training and development, policy development and dissemination, conflict resolution, morale building, recruiting and retaining employees, reviews and evaluations, compensation, and regulatory compliance.

The results obtained from this review can provide Northern Lakes CMHA insight into the current state of key HR areas and provide recommended changes to bring Northern Lakes CMHA into compliance or in line with best practices. As you review this information keep in mind that this report will provide you with an overview of recommendations for improvement or enhancement and identify areas that should be added to the daily routine for successful, compliant administration of sound HR practices.

The main areas of focus for this assessment:

- Recruiting, Selection & Onboarding Process
- Employment Practices
- FLSA Compliance and Proper Compliance
- HR Policies and Procedures
- Employee Handbook Review
- HR Documents and Forms
- Employee Relations

Executive Summary

Northern Lakes CMHA has a several relatively new Human Resources Department employees. While the employees who are responsible for training have extensive longevity, there are three members of the HR team that have less than 1 year of current service. There were several opportunities identified to improve performance in key Human Resources practice areas. Observations and recommendations are included in the body of this report.

While all the recommendations should be considered, the **highest** priority should be placed on the following areas:

Legal risk concerns:

- I-9 Audit
 - Completion of a full I-9 Audit including correcting missing or incorrect data.
- Hiring Process
 - Creating a hiring process that ensures that all applicants are reviewed, considered, and reconciled.
- Fair Labor Standards Act (FLSA) classification audit.
 - Ensure compliance with federal and state job classification set-up requirements.
- Pay equity.
 - Ensuring Equal Pay for Equal work
- Personnel files Maintenance
 - Train the affected employees on Personnel file maintenance

Operating/Administrative concerns or opportunities:

- Streamlining Human Resources Department and updated processes.
- Enhancing the onboarding experience.
- Establishing the employee handbook.
- Updating job descriptions and detailing essential job duties appropriately.
- Evaluate the training of Human Resources Department.
- Restoring trust in the HR Department as valuable resource for employees.

I. Policy Compliance

One of the biggest challenges in Human Resources is familiarizing yourself and management with all the government-mandated regulations with which the Northern Lakes CMHA must comply. There are many tools available to educate management and employees about federal, state, and local laws. Handbooks, policies, posters, and forms are only a few of the tools that must be used to bring awareness about the importance of compliance.

Employee Handbook. An Employee Handbook is a valuable tool used to communicate employer/employee expectations. Employee handbooks are a centralized resource for outlining the organizations policies, procedures, and guidelines. They provide a clear and consistent reference point for employees to understand the organization's expectations regarding behavior, performance, and conduct. Handbooks can serve as a legal document that outlines the terms of employment, including policies on discrimination, harassment, benefits, and termination procedures. The handbook helps protect the organization by demonstrating that it has properly communicated policies and expectations to employees in a clear and consistent manner.

Beyond being a mere informational document, Employee Handbooks often carry legal significance by outlining the terms of employment, encompassing policies on critical matters such as discrimination, harassment, benefits, and termination procedures, while also acting as a protective shield for the organization by demonstrating proactive communication of policies and expectations.

Standardizing practices is a key function of handbooks, ensuring that employees are treated consistently across various situations, from disciplinary actions to time-off requests and workplace behavior expectations. Particularly crucial during the onboarding process, these handbooks acquaint new hires with the organization's culture, values, and expectations, setting the tone for a positive work environment.

Upon receiving the handbook, employees are typically required to provide a written or electronic acknowledgment of its contents and any subsequent modifications. Furthermore, these handbooks serve as essential training tools for managers, ensuring they comprehend and enforce organizational policies consistently throughout the workforce.

A paramount purpose of Employee Handbooks is to ensure compliance with local, state, and federal labor laws. By outlining the minimum legal requirements related to wage and hour laws, leave policies, workplace safety, and more, these handbooks safeguard the organization from legal pitfalls and contribute to a fair and lawful work environment.

In summary, employee handbooks serve as a valuable resource, they are a multifaceted tool that fosters transparency, compliance, consistency, and a positive work environment, benefiting both employees and employers alike.

The following topics are commonly covered in Employee Handbooks:

1. Introduction
 - a. Welcome
 - b. About your handbook
 - c. Employment status
2. Your benefits
 - a. Benefit disclosure
3. Time at work
 - a. Working hours
 - b. Overtime pay
 - c. Time keeping
 - d. Pay day policy.
 - e. Breaks
 - f. Uniforms, dress, and grooming standards
 - g. Personnel records
 - h. Promotions
 - i. Transfers
4. Time away from work
 - a. Holidays
 - b. Vacation/Personal Time
 - c. Attendance and Punctuality
 - d. Leaves of absence
 - e. FMLA
5. Health and safety
 - a. Safety – a mutual responsibility
 - b. Reporting accidents
 - c. Drug-free and alcohol-free workplace
 - d. Smoke-free workplace
 - e. Workplace violence
6. Employment conduct
 - a. Standards of conduct
 - b. Standards of Appearance
 - c. Progressive discipline
 - d. Secondary Employment
 - e. Non-discrimination
 - f. Anti-harassment
 - g. Anti-nepotism
 - h. Social security number privacy
 - i. Staff personal relationships
 - j. Social media
 - k. Vehicle usage
7. Electronic Communication Systems
 - a. Use of Personal Electronic Equipment
 - b. Cellular Phone Usage
 - c. Access to Electronic Information
 - d. Computers, Internet, and Email
 - e. Social Media
 - f. Media Inquiries
 - g. FOIA
 - h. Bulletin Boards

8. Separation from Employment
 - a. COBRA
 - b. Re-Employment
 - c. Return of Property
9. General policies and practices
 - a. At-will status of employment
 - b. Equal Employment Opportunity
 - c. Americans with Disabilities Act
 - d. Authorization of employment
 - e. Title VII of 1964 Civil Rights Act
 - f. Anti-Harassment
 - g. HIPAA
 - h. Workplace Violence
 - i. Weapons on Premises
 - j. Social Security Number Privacy

Employee Handbook – Observations and Recommendations

The absence of an employee handbook at Northern Lakes CMHA during the on-site assessment revealed a significant void in the organizational framework. However, the new HR Manager has prioritized the development of an employee handbook which speaks to the recognition of its pivotal role. It is crucial to have a thoughtfully crafted employee handbook especially within any organization, particularly one that is undergoing transformation.

An employee handbook acts as a compass that guides both employees and management through the intricate landscape of organizational expectations. In essence, it becomes a foundational document that articulates the core values, mission, and vision of the organization. This not only aids in shaping a unified organizational culture but also provides employees with a clear understanding of the principles that govern their professional conduct. Northern Lakes CMHA has adopted several solid policies that will help shape the employee handbook.

The significance of the handbook extends beyond its role as a mere informational document. It is a living guide that delineates the rules of engagement, fostering a sense of accountability among employees. By clearly outlining what is expected of them and what they can expect in return, the handbook becomes a crucial tool in managing expectations, reducing ambiguity, and mitigating potential conflicts.

In a legal context, the handbook takes on added significance. What is put in writing regarding organizational policies and procedures holds weight as a legal document. It can be considered part of an employment contract or agreement, and, as such, it is legally binding. This acknowledgment underscores the necessity for precision and accuracy in the handbook's content, ensuring that it not only reflects the organization's values but also adheres to state and federal regulations.

SUMMARY RECOMMENDATION – EMPLOYEE HANDBOOK

We Recommend:

- **Complete the Draft Employee Handbook:** Ensure the comprehensive development of the employee handbook draft, emphasizing its role as a tool to help employees understand both their expectations and what they can expect from the organization.
- **Conduct a Thorough Review:** Following the completion of the draft, conduct a thorough review to ensure alignment with key state and federal labor law requirements, including but not limited to FMLA, Civil Rights Act, Paid Medical Leave, HIPAA, and COBRA. Additionally, verify that the policies do not conflict with any existing Collective Bargaining Agreements. It is recommended to have the handbook reviewed by a labor attorney prior to its completion and circulation.
- **Engage with the Unions:** Upon finalizing the draft, initiate meetings with the unions to review the employee handbook. This proactive step opens lines of communication and provides the unions with an opportunity to address any concerns before widespread distribution to all employees. Reviewing the Employee Handbook with the Unions in advance of distribution presents the opportunity to address concerns or potential conflict between the handbook and existing Collective Bargaining Agreement language.
- **Distribution and Acknowledgement:** After the employee handbook is finalized and formally adopted by the agency, distribute copies to all employees. It is essential to require a written acknowledgment from each employee, confirming receipt and understanding of the handbook's content. This acknowledgment process sets a solid foundation for the future, ensuring that all employees have a clear understanding of the organization's expectations, policies, and conduct protocols consistently throughout the organization.
- **Future Distribution:** After adoption, employee handbooks should be distributed to all new hires for acknowledgement and signature during the onboarding process and anytime there are changes to the handbook.

Throughout the assessment and forty plus interviews that were conducted, there were recurring concerns that surfaced regarding inconsistent and unfair treatment, a lack of trust, and the fear of retaliation. It is apparent that the absence of clear expectations and standardized operational norms has contributed to these issues, leading to a negative impact on employees across the organization.

The inconsistent application of policies, whether explicitly written or based on perceived understanding, has been a source of disruption. This inconsistency not only creates challenges for managers attempting to uphold standards but also erodes the overall trust within the organizational culture.

For managers, the difficulty lies in maintaining a consistent standard when discrepancies exist between organizational areas. Establishing a uniform set of expectations and transparent processes for addressing behaviors becomes imperative to rectify these issues. Such measures aim to foster a work environment characterized by fairness and equity, benefiting both employees and leaders alike. By implementing a consistent standard, the organization can cultivate an atmosphere of trust, mitigating concerns related to unfair treatment and fostering a shared commitment to organizational standards.

Policy and Procedures Manual: A comprehensive document detailing specific organizational policies and procedures in a systematic manner, the manual offers detailed guidance on executing various processes and tasks. It ensures consistency in layout and provides specifics on the who, what, when, where, why, and how of the covered activities. It's crucial to recognize that the content of such manuals can carry legal implications.

Written policies and procedures can be considered part of an employment contract or agreement, rendering them legally binding. It's imperative for management to be mindful that the documentation they put in writing about organizational policies can serve as a legal document. This awareness is particularly important as the content may be used against the organization in the event of a wrongful dismissal suit. Lawsuits have been successfully brought against organizations where employees demonstrated in court that they were adhering to published procedures or that the organization itself was not following its established protocols.

Clearly outlined policies and procedures play a crucial role in ensuring that employees understand both their responsibilities and what they can anticipate in return. Serving as a framework, these guidelines establish the standards for employment practices and actions within Northern Lakes CMHA. Three compelling reasons support the maintenance and dissemination of written policies and procedures.

- **Establishing Expectations and Accountability:** Well-documented policies form the foundation for setting expectations and holding employees accountable to a consistent set of standards that align with the culture and operations of Northern Lakes CMHA.
- **Limiting Liability for Northern Lakes CMHA:** Enforcing policies consistently and having well-established procedures for work conduct reduces liability for Northern Lakes CMHA. This proactive approach helps create an environment where employees are treated fairly, minimizing the potential for claims related to discrimination and harassment. Ongoing training serves as a preventative measure against inappropriate behaviors that could lead to legal claims.
- **Preventing Surprise and Enhancing Employee Engagement:** Clearly communicated policies prevent surprises for employees regarding performance expectations. Disciplining an employee for a policy they were unaware of can lead to discontent and reduced engagement. Consistent policy enforcement ensures that employees, even those doing well, remain engaged, preventing misunderstandings that could result in the unnecessary cost and time investment of hiring and training new personnel.

Policy and Procedures – Observations and Recommendations

Northern Lakes CMHA has more than 65 human resources related workforce policies. The policies are comprehensive, detailed and in some cases complex. Most of the policies were last reviewed in August or October of 2021. There are several laws that are not covered in any of these policies that should be reviewed and incorporated. Examples of missing policies include the 2023 PUMP Act and the 2019 Paid Medical Leave Act.

During our review we found other policies that should be reviewed and updated because they are not being followed/enforced, lack details, or are outdated. Examples of policies that need to be reviewed include performance evaluations, hybrid workforce, compensation and classification, promotion and transfers, vaccine and face coverings, and workforce culturally engaged communications. A full comprehensive review of all policies and procedures should be conducted so that updates can be

made. References to the Human Resource Officer should be updated to reflect the Human Resource Manager. A legal review of policies is always recommended.

From our observations and numerous interviews, it is evident that several organizational policies do not align with actual practices, either being disregarded, partially adhered to, or lacking crucial information. Equally important to having robust policies is the provision of training for both employees and supervisors, ensuring consistent policy application throughout the organization. For instance, while an extensive Drug and Alcohol policy exists, there is a notable absence of reasonable suspicion training. Furthermore, the Discriminatory Harassment policy lacks a mechanism for employees to contact someone outside of management when issues involve management. This leaves employees without an avenue to address serious concerns for fear of retaliation, intimidation, or dismissal.

While conducting the interviews, several employees provided specific examples highlighting instances where policies were overlooked or intentionally disregarded. The unaddressed concerns foster a climate of mistrust and ongoing apprehension within the organization. To bridge the gap between policy creation and implementation it is imperative to foster a culture of adherence through comprehensive training for employees and supervisors. There also needs to be established and well-known avenues for employees to report issues without fear of negative repercussions.

Upon closer examination, it became apparent that the disparities between organizational policies and their actual implementation could potentially have legal ramifications. The failure to adhere to established policies may expose the organization to legal liabilities, creating a risk that extends beyond internal challenges. In particular, the absence of reasonable suspicion training within the Drug and Alcohol policy raises concerns about the organization's ability to address substance abuse issues effectively. This gap in training may create a legal vulnerability for the organization, especially in situations where proper procedures were not followed.

Similarly, the deficiency in the Discriminatory Harassment policy, where employees lack a designated channel to escalate issues beyond management, could give rise to legal complications. The inability of employees to report harassment or discrimination to an impartial third party may be seen as a violation of employment laws, potentially exposing the organization to legal actions.

SUMMARY RECOMMENDATION – POLICY REVIEW AND IMPLEMENTATION

We recommend:

- Establishing schedule to review and update policies at designated intervals.
- Ensuring policies provide options for reporting concerns that involve the employee's direct supervisor.
- Providing supervisory training to ensure consistent policy administration throughout the organization.

LEGAL CONSIDERATIONS/RISK – POLICY COMPLIANCE

The disconnect between policies and their implementation jeopardizes organizational culture and opens avenues for legal implications. Addressing these issues is a crucial component in fostering a healthy work environment and mitigating legal risks that may arise from non-compliance with established policies. Establishing a robust system that ensures policy adherence, comprehensive training, and effective mechanisms for issue resolution becomes imperative to safeguard the organization from potential legal consequences.

Risks include:

- Developing a policy and/or procedure and not being consistent in their implementation throughout the organization.
 - When policies are developed, they should be intentional and clearly spell out the expectations and document the process to address non-compliance.
- Incurring penalties imposed by a government entity because required workplace posters are not displayed properly in a public area at all locations where applications or resumes are accepted.
- Discrimination claims based on an employee’s perception of unfair treatment because the application of personnel policies has been inconsistent.

Federal & State Posting Requirements. This section reviews federal and state posting requirements. The following is a list of the required Federal and State Posters for 2023. The Labor Law Center is an excellent resource to purchase required posters. They provide Federal and State “All in one poster” www.laborlawcenter.com. The following outlines essential poster that must be visible to all employees:

2023 Federal Posting Requirements:

- Minimum Wage (Fair Labor Standards Act, FLSA)
Job Safety and Health "It's the Law!" (OSHA 3165)
Employee Polygraph Protection Act (EPPA)
Know Your Rights: Workplace Discrimination is Illegal
Family and Medical Leave Act (FMLA)
Uniformed Services Employment and Reemployment Rights Act (USERRA)

2023 State of Michigan Posting Requirements:

- Minimum Wage
Paid Medical Leave Act
Safety & Health Protection on the Job (MIOSHA)
SDS #2105 (Michigan Right to Know Law)
SDS #2106 (New or Revised SDS)
Employment Security Act
Michigan Law Prohibits Discrimination
Whistleblowers' Protection Act
Youth Employment Standards Act

Generally, federal workplace posters must be displayed or posted in conspicuous places where they are easily visible to all employees - the intended audience. However, the FMLA, Equal Employment Opportunity (EEO) Poster (“Equal Employment Opportunity is the Law”) and the Employee

Polygraph Protection Act (EPPA) must be posted in conspicuous public accessible places available to employees and applicants for employment.

We recommend for multiple locations and remote work environments that required employment posters be posted at each of the physical work locations and also on the Northern Lakes CMHA intranet.

Federal and State Posting Requirements – Observations and Recommendations

During our observation and follow-up with remote locations, it was noted that labor law posters were not prominently displayed in public areas for applicants to view which would be a violation of the law.

The required FMLA, EEO and EPPA posters should be moved to locations that are visible and accessible to both employees and potential job applicants. Keeping all required workplace posters in designated would be considered best practice. Each work location should have their own set of posters and posters should be updated annually and as needed when changes arise.

Additionally, a crucial annual requirement for Northern Lakes CMHA is the posting of the Summary of Injury OSHA 300A log, mandated to be displayed from February 1st to April 30th each year. Our review fell outside of this specified time frame, preventing us from directly observing these postings. Nevertheless, it is imperative to reiterate the importance of adhering to the OSHA 300 annual posting obligation to maintain compliance and transparency regarding workplace safety records. This commitment ensures that employees have access to pertinent information related to workplace injuries, fostering a culture of awareness, transparency, and accountability within the organization.

II. Record Keeping – Legal Considerations

The improper handling of employee records poses substantial risks, potentially exposing employers to various litigious and penalty situations. The consequences of inadequate record-keeping include:

- **Claims of Unfair Employment Practices:** Inclusion of unnecessary, biased, or confidential information in employee records can leave employers vulnerable to allegations of unfair employment practices. This risk underscores the importance of maintaining accurate and relevant information to ensure fair and equitable treatment of employees.
- **Breach of Confidential information:** Mishandling confidential information is a critical concern. Any compromise of sensitive employee data not only jeopardizes individual privacy but can also lead to legal repercussions for the employer. Safeguarding confidential information is paramount to maintaining trust and compliance.
- **Fines Due to Incomplete Forms or I-9 Errors:** Errors or omissions in the completion of Form I-9, a crucial document for verifying an employee's identity and eligibility to work in the United States, can result in substantial fines. Employers must diligently adhere to the proper procedures to avoid financial penalties and legal complications.
- **Unauthorized access to Information:** Granting access to employee records to individuals not authorized to view them can lead to serious privacy breaches. Unauthorized access may result in the misuse of sensitive information, posing a threat to both employees and the organization. Implementing robust access controls is imperative for data security. As Northern Lakes continues to transition paper records to electronic personnel files it is important to have the ability to audit who has access to the electronic files and to audit when electronic files were accessed.

Addressing these risks requires a comprehensive approach to record-keeping practices. Northern Lakes CMHA should establish and adhere to clear policies regarding the types of information included in employee records, implement stringent confidentiality measures, and provide thorough training to staff involved in record maintenance. Regular audits and reviews can help identify and rectify any potential issues, ensuring compliance with legal requirements and mitigating the risk of litigation and penalties. Additionally, staying informed about evolving regulations in the dynamic legal landscape is essential to proactively adapt record-keeping practices to emerging compliance standards which continue to change as businesses move to being paperless.

Employers typically organize employment records into three distinct filing systems. The primary one is the personnel file, encompassing hiring documents, job descriptions, status changes, and employee performance information. The second is the medical/confidential file, safeguarding protected, non-job-related, or confidential information such as background checks and drug test results. The third set is the Form I-9 files, which the USCIS recommends employers keep separate from personnel records to facilitate an inspection request.

In addition to these, there may be a need for additional files dedicated to recruitment records (pre-hire) and separate files specifically designated for complaint investigations. Employers must exercise careful consideration regarding the storage and access protocols for these files, ensuring limited access only to those with a legitimate need to know. This approach safeguards applicants and employees from potential issues such as discrimination, identity theft, breaches of privacy, and violations of the Health Insurance Portability and Accountability Act (HIPAA).

It is crucial for employers to recognize the heightened scrutiny from government agencies regarding how employee information is maintained. These agencies are actively leveraging their enforcement capabilities to ensure strict compliance, underscoring the importance of secure and confidential record-keeping practices in today's regulatory environment.

Storing and Maintaining I-9s

Employers may retain Form I-9 using either a paper or electronic system, or a combination of both. As organizations transition to electronic records, paper form I-9s may be scanned and uploaded including the original signed form, correction, or update, and it may be retained electronically.

Employers may destroy the original paper form after they have securely stored it in an electronic format. Any electronic system used to generate Form I-9 or retain completed Forms I-9 must include:

- Reasonable controls to ensure the system's integrity, accuracy, and reliability.
- Reasonable controls designed to prevent and detect the unauthorized or accidental creation of, addition to, alteration of, deletion of, or deterioration of an electronically completed or stored Form I-9, including the electronic signature, if used;
- An inspection and quality assurance program that regularly evaluates the system and includes periodic checks of electronically stored Form I-9, including the electronic signature, if used.
- An indexing system that allows users to identify and retrieve records maintained in the system; and
- The ability to reproduce legible and readable paper copies.

Record Keeping – Observations and Recommendations

We completed a sample personnel file audit as part of the HR Assessment. Six randomly selected personnel files were reviewed to determine compliance.

The personnel files were retained in the Human Resources office area in a locked cabinet that had restricted access for Human Resources Personnel. During the review of the personnel files the following were observed:

- Northern Lakes is in the process of converting to electronic personnel files.
- During the transition, personnel files consist of a combination of hard copy and electronic records.
- Review of the hard copy files did not identify any critical concerns; however, there are some areas of the file that should be standardized for consistently going forward.
 - Medical information was maintained separately.
 - Files contained pay rate information.
 - Interview questions were not included in the hard copies that were reviewed.
 - Disciplinary Notice and Bullard-Plawecki notices were included where applicable.
 - Third party information was included in one of the six files we reviewed.
- Review of the Electronic personnel files revealed:
 - Personnel files were saved to a restricted location on the network.
 - Documents that were previously maintained as hard copy were now saved in electronic medium after being scanned and uploaded.
 - Human Resources was able to locate and provide information efficiently.
 - Medical information was contained as a subfolder of the personnel file.
- I-9 Sampling completed.
 - 10 random I-9 forms were reviewed.
 - Approximately half of the I-9 Forms included copies of the documents presented while the other half did not.
 - Best practice would be to administer the I-9 process consistently throughout the organization. If backup documents are copied, they should be copied for all new hires during onboarding. If the organization chooses not to copy and maintain the backup documents, this should be a consistent practice across the agency.
 - If the employer chooses to make copies or electronic images of the employee's documents, the copies of the forms must be retained with the corresponding Form I-9 or with the employee's records according to the electronic records retention standards and must be presented for inspection upon request.
 - The I-9 Form was most recently updated on 08/01/2023.
 - Beginning **November 1, 2023**, employers can only use form I-9 with the 08/01/2023 edition date.
 - Section 1 of this form must be completed by the employee on or before their first day of employment.
 - Section 2 of this form must be completed within three business days by the employer.

The USCIS recommends maintaining all I-9 forms separately from the employee personnel file where they can be easily accessed or audited. Failure to properly maintain all form I-9's completely and accurately can result in civil fines, criminal penalties, and debarment from government contracts.

Form I-9's – Observations and Recommendations

During the onsite visit, we learned that Northern Lakes CMHA completed an unofficial audit of the I-9s to determine if all active employees had an I-9 form on file. The I-9 Forms that were reviewed were completed by several different employees including Human Resource employees, Home Supervisors, and Account Clerk Specialist.

The sampling included forms that were completed between 2009 and 2023. In our review of the I-9 forms we sampled, we observed several compliance issues related to the processing the I-9 documentation during the hiring/onboarding process.

A random selection of ten I-9 forms found a missing employee signature, missing fields, and incorrect date formats on 7 of the 10 forms reviewed. Additional action is needed to correct I-9 forms that have missing or incorrect information.

SUMMARY RECOMMENDATION – RECORD KEEPING

We Recommend:

- All Northern Lakes CMHA employees who are responsible for participating in any part of the I-9 process should complete formal I-9 training.
 - Training should be provided to all employee who will be responsible for any part of the I-9 process.
- Ensure the most current I-9 Form (Edition 08/01/23) is being used throughout the organization.
 - The updated form has been simplified reducing common errors that occurred with previous forms.
- Register the organization for E-Verify to help automate the I-9 process and reduce common administrative error when completing the manual form.
- After completing training, conduct a comprehensive audit of all I-9 forms to identify any errors or deficiencies. This audit should ensure that all required fields are properly completed, and the documentation is valid and up to date.
- Rectify Errors and Incomplete Information:
 - Once the audit is completed, rectify any areas or incomplete information found in the I-9 forms. Ensure that all necessary fields are filled out accurately and completely, and the documentation provided by the employee is in line with the requirements set by the IRS.
 - Follow established guidelines available on the USCIS website related to self-audits and correcting mistakes
 - <https://www.uscis.gov/i-9-central/complete-correct-form-i-9/self-audits-and-correcting-mistakes>
 - Consider implementing additional safeguards when maintaining and accessing electronic I-9 records to ensure the documents remain secure, accessible and can be printed upon request.
- All Northern Lakes CMHA employees who are responsible for maintaining records should complete training on the best practices for file and document management.
 - Again, this is especially important during the transition from paper records to electronic records.
 - Recommendation is to maintain background / confidential information and Medical information in a separate electronic folder (not subfolders) to ensure that these documents remain separate from the personnel file.
- Complete a full personnel file audit during the transition from paper to electronic files, to ensure compliance and to ensure that medical/confidential information is maintained separately.
- Develop a separate records retention policy to assist with compliance of personnel records.
- Incorporate a comprehensive easy to view updated checklist for reference to ensure consistency in the information requested and contained in personnel files.
- Conduct regular compliance checks to ensure that the organization continues to meet the IRS guidelines and other relevant regulatory requirements.

By taking these steps, Northern Lake CMHA can address the deficiencies in its current practices and ensure that it gains full compliance with the IRS guidelines and other relevant regulations relating to the handling of I-9 documentation.

III. Training

Training within the agency is sourced from various outlets. Currently two full-time Human Resources employees are dedicated to agency training. After scrutinizing job descriptions, conducting interviews, and gathering insights from several departments across the organization, the assessment identified that opportunity exist to rebalance, redefine and realign the training component currently being administered by Human Resources.

Both employees in the training positions have extensive longevity having been with the organization for more than 25 years. Based on the information obtained during the assessment, these two employees are currently siloed into their respective areas which is not in line with how the job descriptions were written.

Notably, there appeared to be a lack of cross-training or backup resources for this organizational function. One employee is located out of the Cadillac Office and goes onsite when needed, the second employee has remained mostly remote since the pandemic and has not been required to return to the office although the other members of the HR Team have returned to in-person work to meet the needs of the organization.

A time study and a comprehensive review of each of their respective areas has the potential to reveal opportunities to increase efficiency, rebalance workloads and to better serve the organization.

Opportunity exists to integrate the HR training staff into the new hire orientation process and would help Northern Lakes CMHA create a more robust new hire onboarding experience. The current Relias platform, utilized for standardized training tracking and assignments, remains a reliable foundation for essential employee training. Evaluating how HR training personnel should be utilized for tracking and maintaining records related to existing staff licenses, CEUs should be reevaluated. Several of the tracking and approval processes are antiquated and could be automated and streamlined. There is a wealth of online information available for licensed individuals including professional association memberships that offer scheduled training throughout the year. The responsibility for identifying and scheduling CEU credits should shift to employees and their supervisors, allowing employees and supervisors to plan, budget and manage time and available training funds more efficiently.

While conducting the interviews, there was a consistent theme that demonstrated the training currently provided to new hires lacks depth; therefore, new hires arrive in their departments ill prepared to use critical software systems such as the electronic medical records system. The current onboarding process often leaves critical training up to the hiring supervisors. The coordination of key training during onboarding would prove to be valuable and would better prepare employees to be successful in their roles.

The allocation of responsibilities within the two training positions appeared to be imbalanced. A thorough assessment and/or time study of the HR training functions should be conducted. Based on the findings to the comprehensive assessment, tasks should be reallocated and rebalanced to ensure they are correctly aligned throughout the HR department.

There was a lack of understanding on how training budgets were set for each department. Supervisors indicated that they did not receive any formal training when promoted to a supervisor position which made the transition from co-worker to supervisor challenging.

SUMMARY RECOMMENDATION – HR TRAINING

We Recommend:

- Conducting a thorough evaluation of the current training resources and realigning the HR Training based on the current needs of the department and organization. Based the feedback received, technology changes and the implementation of Relias have changed how training can be conducted. Several employees indicated the current training structure should be realigned to better serve the needs of the organization.
- Reviewing the onboarding training to determine how best to position new hires for success within the first 30, 60 and 90 days. For example, Electronic Health Record training is essential; however, multiple supervisors reported that they needed to provide this training to their new hires before they could get started.
- Reviewing of the training data points that need to be tracked, how training data will be pulled and who will have access to the training data. Based on the information requested and provided during the interviews, obtaining data for training outside of the Relias system was not easy to obtain.
- Developing a structured supervisor/leadership training. Employees who had been promoted into supervisory positions reported they did not receive any formal training or mentorship to prepare them for their new responsibilities.
 - Basic supervisor training on key items including initiating crucial conversations, conducting performance evaluations, establishing performance improvement plans, issuing discipline, and implementing and enforcing policy would assist in preparing new supervisors for their new responsibilities.
- Supervisors should work directly with their employees to identify training needs and establish annual budgets for their department’s specific training requirements.
- Tailoring training for specific roles.
 - For example, several employees who meet with individuals in the community would like to see specific training related to safety in the field.
 - Employees who meet with individuals in the office also wanted to have more safety related training specific to their situations.
- Offering refresher training and ongoing support for employees using the Relias system. Provide follow-up training sessions, tutorials to boost user confidence and ensure effective utilization of the system.
- Evaluating the effectiveness of in-person verse online training for each training being offered.
- Providing required training at the remote locations, when possible, having the instructor(s) travel to the location instead of requiring groups of employees to travel to a training location.
- If training programs are rescheduled or cancelled ensure all scheduled attendees are notified as soon as possible.
- Consider combining in person training sessions based on length of the program and the content covered.
 - Employees reported being required to drive an hour to attend a short 15-minute training session which was not an efficient use of employees’ time.

IV. Employment Practices

The cornerstone of every thriving organization lies in the implementation of a robust and efficient recruiting process. The significance of this process cannot be overstated, as it plays a pivotal role in attracting and onboarding individuals who contribute meaningfully to the business's success. Effective recruitment goes beyond merely filling positions; it is about identifying and bringing on board individuals who enhance the quality of services and embody the values and character of the organization.

In the current labor market, the landscape is marked by distinctive challenges that organizations must navigate to secure top talent. The dynamics of workforce expectations, job preferences, and the overall employment ecosystem are continually evolving. These changes necessitate a strategic and adaptive approach to recruitment.

One of the central challenges in the labor market today is the competition for skilled and qualified candidates. As industries undergo transformations and new skill sets become crucial, organizations find themselves vying for a limited pool of talent. Consequently, crafting compelling employer brands and fostering positive organizational cultures are imperative to stand out as an employer of choice.

Moreover, the digital era has reshaped the recruitment landscape, with online platforms and social media playing a significant role in the job-seeking process. Organizations need to adeptly leverage these digital tools for outreach, engagement, and establishing a strong online presence to connect with potential candidates effectively.

The ongoing evolution of workplace expectations, especially in the aftermath of global events, demands a recruitment strategy attuned to the changing needs of employees. Flexibility, work-life balance, and a supportive work environment are now key considerations for prospective hires.

Effective recruitment is not a static process but a dynamic and strategic endeavor. It requires continuous adaptation to the prevailing labor market conditions and a keen understanding of the evolving needs and aspirations of the workforce. By addressing these challenges head-on, organizations can fortify their recruitment processes, ensuring the acquisition of talent that not only meets the current needs of the business but also propels it towards sustained success in the future.

Recruiting

The following steps outline a foundation of best practices in the recruiting process:

1. Complete a requisition form to begin the recruiting process documenting proper approvals have been obtained.
2. Create a Posting Folder for each posting.
 - a. Anything related to the posting should be maintained in the folder.
3. Review job description for accuracy prior to posting.
 - a. If changes are made to the approved job description after the job is posted, the posting should be closed, and the position should be reposted with the updated job description.
4. Establish and adhere to consistent posting procedures for internal and external job postings.
 - a. Posting should clearly identify the minimum requirements of the position.
 - b. Posting should clearly outline the steps in the selection process including any testing requirements that will be used as part to the selection process (i.e., Microsoft Skills Test, Typing test, pre-employment standardized testing).
 - c. Posting should include EEO Statement and ADA accommodation request information.
 - d. Posting should include steps in the selection process.
 - i. Pre-employment clearance requirements should be clearly outlined, i.e., Drug testing, pre-employment physicals, TB Testing, I-Chat, Secretary of State, etc.
 - e. When possible, posting should include an established timelines for key milestone in the process.
5. Require that all applicants apply for open positions through the established posting system (no exceptions unless required for Accommodation).
 - a. Resumes and applications that come in outside of the applicant tracking system should be contacted requesting that they apply through the online application system if they are interested in being considered further.
 - b. All communication related to the position should be documented and retained as part of the posting file.
6. Establish a set of position specific pre-defined interview questions to be used for each position. Prescreen questions and interview questions should be approved by Human Resources to ensure they follow best practice. All interview questions should be treated as confidential with access on need-to-know basis only.
 - a. Include a copy of the approved questions in the posting folder.
 - b. Maintain list of approved behavioral-based questions to incorporate for each posting process.
7. Pre-screen resumes based on job description requirements. Utilize a minimum requirement check sheet to ensure all applications are screened in a consistent manner.
8. Require candidates complete an application prior to interview being scheduled / conducted.
9. Schedule interviews (initial phone, virtual, in person)
10. Interview candidates with all appropriate parties.
 - a. Ensure interviewing managers are properly trained to reduce potential liability.
 - b. Consistent list of behavioral-based questions and use of an interview guide.
 - c. Consistent rating scale and evaluation process.
 - d. Maintain copies of all interview documents.
11. Initiate any pre-employment tests, assessments, etc.

12. Prepare conditional offer of employment and receive signed acceptance by candidate prior to conducting any pre-employment checks.
 - a. Provide FCRA (Federal Credit Reporting Act) with contingent job offer and prior to conducting any background checks.
13. Initiate pre-employment checks and ensure a consistent process is utilized.
 - a. Routinely check references before each hire.
 - b. Background verification (Education, Felony Federal and State, DMV etc.).
 - c. Pre-employment physical
 - d. Drug Screening
14. Reconcile each posting after posting closing date.
 - a. Comprehensive list of all applicants including final disposition.
 - b. Every applicant needs to be accounted for.
 - c. Interview notes should be maintained for each candidate interviewed.
15. Applicant disposition
 - a. Notify all candidates (send turn down letters) of final status of application.

Recruiting Process – Observations and Recommendations

The recruitment procedure has been identified as a critical area requiring enhancement. A notable concern stems from the number of different ways that applications and resumes can be submitted. Currently, HR post open positions utilizing the Paychex posting system for internal and external postings.

Currently applicants can apply online through the Northern Lakes Website; however, current practice also allows for applicants to mail in a resume, email a resume, drop off a resume at any Northern Lakes location, complete an application at Northern Lakes location or submit a resume directly to the hiring manager or department. Applicants have not historically been required to apply through one primary location (i.e., Northern Lakes Website). The current process makes it difficult to verify all resumes have been received by Human Resources or considered for the position.

Allowing multiple options to submit resumes and applications increases exposure to the organization as there is no sure way to verify that applicants complete and submit applications by the posted deadline date (if applicable) and there is no guarantee that HR receives and can track every single application and/or resumes that comes in outside of the Paychex job posting board on Northern Lake's website.

During the onsite interviews conducted by Rehmann, it was brought to light that some hiring managers had managed their hiring process independently of Human Resources, while in other instances, not all applications/resumes were properly documented. The divergence from a standardized application process creates challenges in ensuring comprehensive and accurate records of all applicants are reconciled and maintained.

The current state of the recruitment process creates concerns for Human Resources and their ability to reconcile all applicants who have applied. The recruiting process should be standardized. All applicants should be required to submit their resume/application through the Northern Lakes website with no exceptions (unless to accommodate a restriction).

The absence of a unified application submission process creates challenges in ensuring that all qualified applicants are afforded the same opportunities for a position. The decentralized approach, where applications can be submitted through various channels, makes it difficult to ascertain whether certain individuals were eliminated from consideration based on a legitimate reason or if there were

instances of discrimination in the selection process. This lack of standardized application procedures poses a potential risk to fair and equitable hiring practices, making it imperative to address and streamline the recruitment system for greater transparency and consistency.

The current Northern Lakes CMHA HR Specialist assigned to recruiting has been with the organization less than a year and has already made solid progress in the recruiting area to develop a structured approach for recruiting and onboarding; however, the requirement for all applicants to apply through one system with a standardized application process had not been obtained at the time of our onsite assessment.

The standardization of the selection process beyond the initial application phase is crucial. Human Resources should play an active role in ensuring that hiring managers conducting interviews without HR presence are adequately trained. To ensure hiring compliance, each hiring manager should be required to attend a formal interview training prior to conducting interviews if HR will not be present for the interviews.

Interview training should review criteria for permissible and non-permissible interview questions, standardize the interview process from introduction to interview completion. Provide guidance on how to respond when interviewees begin to divulge information related to race, religion, medical conditions, or any other protected class. Provide guidance on when and how to ask and document follow-up questions. Outline process to document and save interview questions. Understanding of EEO process and how to conclude the interview and make final hiring recommendation.

Establishing consistency in the entire selection process, from interviews to the final recommendation, is vital for maintaining fair and effective hiring practices throughout the organization.

It is important to highlight that Becky Brown, HR Specialist, has been a part of Northern Lakes CMHA for less than a year and has already made significant strides in this area. Her efforts have not only contributed to improvements in the recruitment process but have also played a crucial role in rebuilding confidence in the Human Resources department.

During the onsite Rehmann interviews Supervisors shared that they had historically been allowed to handle their own hiring and recruitment process for each role within Northern Lakes CMHA, it is important that all supervisors understand the current hiring process and to ensure all current practices are being followed.

Establishing a standard recruitment process is highly recommended. This process should include how positions are posted, how interviews are conducted, who will be involved in the process and how offers are made to employees. Should Northern Lakes CMHA have an Anti-Nepotism policy in place it will be important to ensure candidates comply with the policy when applying.

Based on feedback from interviews with current employees, there is a perception that there were a few recent new hires and promotions that did not meet the minimum requirements of the job description. Upon review of the job description and the incumbents' qualifications, we were not able to identify any recent deviations as it appears the job descriptions had been revised prior to the posting. It will take time to rebuild trust in the hiring and selection process. Incorporating informational meetings for internal postings would help ensure that the employees have a clear understanding the minimum qualifications and ensure transparency in the process. Done right, the information meetings can be very beneficial to the hiring manager and the employee group.

Typically, the informational meetings would be scheduled prior to or early in the posting process. All employees would be notified that an informational meeting is being held and candidates who are interested in the position would be encouraged to attend. The Union would also be encouraged to attend.

During the informational meeting, Human Resources would review the hiring and selection process including reviewing the established minimum requirements, anticipated timeline, and testing requirements (if any). Hiring managers are afforded the opportunity to review the functions of the position and share their expectations, potential applicants can meet the hiring manager (or designee) and ask any questions they have about the position.

Prior to employees being promoted, it is essential to ensure they meet all posted requirements, have been armed with the necessary tools to be successful in their positions and have adequate training to support them in their new positions. Well defined job descriptions will help establish qualifications and help determine which candidates meet those qualifications. This is extremely important in the posting process and crucial when more than one internal employee applies for a promotional position.

Having a documented selection process helps to ensure that a fair and unbiased process has been followed and candidates are evaluated on their qualifications and ability to do the job. In today's environment finding an employee with the qualifications is only one part of the equation. Ensuring the candidate is a right fit for your organization, the department, and the position being filled will also impact the success of the candidate.

The posting process was reviewed in detail with Becky Brown. Union positions are first posted internally for 5 business day. If there are no internal candidates, the position is then posted externally. When internal candidates apply, the internal process is completed prior to starting the external posting process.

SUMMARY RECOMMENDATION – RECRUITING

We Recommend:

- Northern Lakes CMHA develop a formal recruiting process as outlined in the section above.
- Requiring, unless part of an ADA Accommodation, that all applicants apply through the Website.
- Documenting communication with individuals that apply outside of the established process directing them to apply through the website.
- Updating Policy 108.201 Background Investigations to reflect the current practice.
- Developing a formal recruiting process will help ensure that all qualified candidates have the same opportunity, free from bias.
- Ensuring all candidates are asked the same set of permissible questions to avoid violating any labor laws.
- Consistent interviewing, hiring and job posting practices reduce the potential for discrimination claims.
- Requiring all applicants to complete an employment application prior to interview.
 - Provides opportunity to clarify and follow up on questions related to employment application.
- Clarifying roles and responsibilities in the selection and hiring process, defining the roles of both the hiring managers and HR in the process.
- Offering annual training to hiring managers to familiarize themselves with the recruitment process.
 - Suggested training includes but is not limited to effective interviewing techniques, understanding employment laws, and utilizing applicant tracking systems.
 - Allowing hiring managers to have direct access to applicant tracking systems significantly improves turnaround time when it comes to interviewing and hiring.
- Working with HR and the hiring managers to create a well-defined recruitment process that includes clear steps, timelines, and communication protocols. This includes everything from meeting with the hiring managers to determine the desired qualifications, reviewing and updating job descriptions (if needed) prior to every posting, developing predefined interview questions for each posting, background clearances and establishing a comprehensive onboarding process to welcome new employees.
- Enhancing communications, encourages open the dialogue between hiring managers and HR.
- Regular meetings or check-ins help to ensure everyone is on the same page and that any issues or concerns are addressed promptly.
- Human Resources should have ownership of the recruitment process while providing support to hiring managers.
- To increase transparency, consider incorporating Informational Meetings for internal postings.
 - Informational meetings are scheduled prior to or at that start of the posting.
 - This provides hiring managers the opportunity to explain the functions of the position, establish their expectations, review the schedule requirements and it also provides potential candidates the opportunity to meet directly with the hiring manager to address questions they may have.
- Consider incorporating debrief sessions with internal candidates that were not selected for the position as part of the employee development process.
 - Meeting with HR professionals to debrief after an interview can provide valuable insight and help better prepare the employee for future promotional opportunities.
- Reviewing the current application process to make it as efficient as possible while also collecting the required information to effectively screen candidates who should advance to the interview.
- Additional training may be necessary on the Paychex system to optimize its use. If Paychex is unable to meet the needs of Human Resources, there are several affordable and robust applicant tracking systems that can be used to expand these efforts and meet the needs of hiring managers.

By implementing these steps, you can create a more efficient and effective recruitment process that is well-managed by HR while still involving hiring managers in a meaningful way. This will help your organization attract candidates and reduce the likelihood of issues such as rescinded offers or losing potential employees to other employers.

Job Descriptions. Job descriptions are important documents for recruitment, onboarding, succession planning, performance evaluations, compensation analysis, worker’s compensation, and medical accommodations, etc.

The job description needs to communicate clearly and concisely what responsibilities and tasks the job entails, the qualifications of the job i.e., experience, skills, credentials, and the mental, physical, and work environmental requirements. Well written job descriptions are helpful in combating potential discrimination claims by clarifying the minimum qualifications of a job. A well-written job description is more than a laundry list of tasks. It must also reflect a sense of priorities. Done correctly, a well thought out job description has many benefits including:

1. Serving as the basis for hiring criteria.
2. Establishing the expectations of what should be done on the job.
3. Serving as a reference tool during performance evaluations or on the job performance.
4. Providing the framework for the essential job duties for the position if an individual needs to request an accommodation.

Job descriptions provide a basis from which to determine whether a disabled applicant is otherwise qualified under the Americans with Disabilities Act (ADA). If so, they assist in determining what accommodation would be required for the applicant to be able to perform the “essential functions” of the position.

Job descriptions also provide a basis for determining job status as “exempt” or “non-exempt” under the Fair Labor Standards Act (FLSA) law for receiving overtime payment.

Job Descriptions– Observations and Recommendations

Northern Lakes CMHA has a policy on position descriptions that explicitly state the commitment to developing and maintaining comprehensive job profiles for all agency positions. The policy mandates that employees are required to sign a copy of their respective position descriptions, with copies provided to both the employee and their supervisor. However, a critical omission from the policy is any stipulation regarding the frequency of reviewing these position descriptions. Consequently, many of the existing job descriptions are outdated, failing to accurately reflect the current duties of the positions.

Based on the small sample of job descriptions reviewed during the onsite assessment, Northern Lakes CMHA has a solid job description structure which includes summary of the position, essential position functions, supplementary functions, general performance requirements, qualifications and competencies, licensing and certification, education and experience, knowledge, and experience, working conditions and physical requirements, and limitations and disclaimers. The header of the job descriptions sampled also included information related to the FLSA status, location, department, and report to.

Overall, the current structure of the job description is solid, the current duties need to be reviewed and updated. If significant changes are made, job classification should be performed to determine if a reclassification (up or down) is warranted. After job descriptions are created, an FLSA audit should be conducted to ensure that the position is properly classified as exempt or non-exempt.

SUMMARY RECOMMENDATION – JOB DESCRIPTIONS

We Recommend:

- Ensuring that job descriptions accurately reflect current expectations of the position.
- Conducting an FLSA Audit when positions are created and reclassified to determine exempt and non-exempt status.
- Including supervisory responsibilities section, if applicable.
- Including remote, hybrid or in person status of the position.

Below are some additional recommended details to include in job descriptions:

- Including anticipated range of hours worked per week.
- Including if any travel (domestic or foreign or both) will be required.

Employment Application

The employment application is one of the most important documents a potential employer can require applicants to complete.

The employment application:

1. Acts as a legal document. Ensures the applicant understands your organization is an equal employment opportunity employer, and that their employment is at-will.
2. Their signature attests that the information that they are providing is accurate and truthful.
3. Mitigates risks of discrimination claims. A properly formatted and consistently used employment application standardizes the information a candidate provides when applying for a role.
4. Various statements such as the Equal Opportunity Statement and ADA requirements assist in risk mitigation.
5. Organizes past work experience, skills, and abilities. The application provides a framework for the interview process and determination if the applicant has the skills required to successfully work in the role.

The Employment Application should contain language on:

6. Authorization of Disclosures
7. At-Will Employment if applicable
8. Accommodation of Disabilities
9. Authorization to Work in USA
10. Expiration of Application
11. Application should include the question of whether the candidate is subject to any post-termination agreements with a prior employer (mainly salaried employees).
12. Conditional Job Offer *should not be* on the application.

Employment Application – Observations and Recommendations

Rehmann reviewed the employment application and employment application process. The current application / application process contains several elements that should be updated.

SUMMARY RECOMMENDATION – EMPLOYMENT APPLICATION

We Recommend

- Incorporating an electronic employment application into the job posting process to streamline the process. Applicants would complete and submit an electronic application at the same time they submit their resume.
- Page 2 - Updating instructions to have applicant contact Human Resources for questions. Current application directs applicants to refer to whoever provided the form.
- Page 2 - Updating EEO statement to include the following protected classes: *race, color, religion, sex (including pregnancy, gender identity, and sexual orientation), parental status, national origin, age, disability, genetic information (including family medical history), political affiliation, military service, or other non-merit-based factors.*
- Page 2 - Updating drug screen statement to be consistent with policies required as a recipient of federal funding.
- Page 2 – Removing request for Maiden Name – may indicate marital status.
- Page 5 - Removing language regarding testing for prescription medication – the purpose of preemployment drug testing is to test for illegal drugs which is already covered in the statement.
 - There should be a policy that states employees in safety sensitive positions are required to notify the designated employer representative (typically Human Resources Manager or designee) if they have been prescribed any medication that may impact their job performance or create a safety concern.

Posting - Observation and Recommendations

The job postings are thorough in their presentation, capturing the details of the job description. They provide a clear, detailed account of the role, outlining its responsibilities and the requisite qualifications. The use of specific language in delineating key duties and responsibilities creates a vivid portrayal of the job's nature and sets clear expectations for potential candidates.

Positions posted externally are posted on Indeed, LinkedIn, ZipRecruiter, and US Military. Additional job boards were being added at the time of the assessment. Indeed, quick apply is currently allowed.

The current posting process allows for a built in Questionnaire that can be set up to include questions that would disqualify candidates that are not qualified for the position.

The recruitment video included on the main posting page promotes a culture of gentleness and introduces candidates to the values of the organization. Adding a one pager which summarizes the benefit package for each of the employee groups would be a valuable tool in the recruiting efforts. The job postings reviewed were in a standardized format and contained comprehensive information about the position.

SUMMARY RECOMMENDATION – WEBSITE POSTINGS

We Recommend:

- Creating a one-page benefit flyer to attach to each posting.
- Increasing the information displayed on the Career page so that it does not require a candidate to click on every position to gain key information.
- Periodically review the content of the Northern Lakes CMHA website to ensure that it reaches a wide range of audiences for all backgrounds.
- Creating a page that is welcoming to all those who may apply. This is the agencies' chance to make a good first impression.
- Reviewing the length of time and number of steps that it currently takes to apply for a job. In doing so, it will also be important to evaluate if all the information obtained is necessary at the time of application or could some of the information be requested if a contingent job offer is extended.
- Utilizing a screening questionnaire to aid in determining if candidates are qualified.

Interviews. Determining if a candidate is unsuitable for a position can be disheartening. A pre-screen interview helps hiring managers and employers save time. While an applicant may appear to be suitable on paper, an informal interview over the phone can help determine the extent of his or her skills and experience along with a preview of personality and social aptitude and whether he or she will be a good fit with the organization's culture. For all these reasons, conducting a thorough pre-screening process is essential for an efficient recruitment process.

Pre-screening phone interviews also allows the applicant to obtain a clear understanding of the position. Applicants can voice their own understanding of the position and salary requirements to determine whether the position is a good fit. This will also allow the employer to clarify any misconceptions the applicant may have about the position – ensuring that the potential employee fully understands the organization's expectations. By the end of the pre-screening interview, your organization should have a better understanding of whether to continue with the hiring process or move on to more suitable applicants.

Every applicant must go through a **consistent** process. Formalize, document, and utilize a compliant and consistent interview process. Develop a formal plan for interviewing a candidate with the questions and criteria identified in advance of the interview and administered the same for each candidate. Follow established policy relating to the creation and retention of hiring documentation.

Interviews – Observations and Recommendations

Due to staffing time constraints and department experience conducting interviews, HR participates in some interviews but not all. Currently there is no consistent process to ensure HR is notified of all interview schedules or that HR receives the interview notes for all candidates.

SUMMARY RECOMMENDATION - INTERVIEWING

We Recommend:

- Each position should have a set of approved interview questions that determine if the individual is qualified for the position and if the employee is a good fit for the culture of the organization.
- All hiring Managers should be trained on how to interview, what the dos and don'ts are during interviews and how to appropriately rate applicants in a consistent manner.
- Each applicant should be evaluated, and a determination made on each candidate.
- The final determination should be documented during the reconciliation of the posting process.
- HR should approve all interview questions in advance to ensure that only permissible questions are being asked.
- HR should be a resource to help provide well-developed behavior-based questions which will assist in gaining valuable insight and determining if a candidate meets the needs of the organization.
- Offering annual interview training and interview refresher training is also recommended.
- All interview questions should be uploaded in Paychex (if this feature is available).
- If this feature is not available, all interview questions should be maintained in the HR posting folder.

Candidate Selection. After completing the screening process (examining job applications, resumes, conducting interviews, and gathering tests or assessment scores) the next critical step is to make a well-informed decision. This involves evaluation the information as objectively as possible and applying a systematic approach. Assessing all candidates against a consistent set of established criteria, allows you to objectively evaluate their qualifications and qualities. This method, when consistently applied, provides a structured and transparent process, and also allows the screener to factor in their professional judgment. This combination of data-driven analysis and HR experience forms a reliable and defensible procedure for making hiring decisions.

When you adhere to this systematic approach, you're likely to see improvements in your ability to select the most suitable applicant for the job. It enhances the efficiency and accuracy of your hiring process, ultimately contributing to the success of bringing in new employees who are a good fit for your organization.

In general, applicants who have realistic expectations and understanding of the position including detailed information about work schedules, work preferences and work environment are more likely to turn down an initial job offers; however, data supports that well informed candidates typically have lower turnover. Investing time on the front end to ensure candidates have a full understanding of the position is much more cost effective and improves overall retention.

Employment Offer– Observations and Recommendations

It is important to have a consistent process to ensure that the applicants selected for the position meet all the minimum requirements of the position and that the Northern Lakes CMHA is selecting the best candidate for the position.

Offers should be made as a conditional offer of employment and the collection of any personal information such as birthdates, social security numbers, maiden names, etc. should not be asked for or required before the offer is presented to the selected candidate.

Employment Offers. We highly recommend all offers be written on the organization’s letterhead and have outlined a few key items:

1. Job Title
2. Reports to, Manager Name
3. Compensation, hourly rate, or salary rate by pay period.
 - a. Exempt / Non-Exempt Status
4. At-will statement if applicable
5. Overview of Benefits
6. **Conditional offer** of employment based on successful completion of pre-employment screening requirements such as drug screen, background check, etc.
7. Anticipated start date after completion of screening.
8. Contact for answering questions.
9. Necessary attachments i.e., Authorization for Disclosure forms, etc.

Contingent Employment Offers – Observations and Recommendations

SUMMARY RECOMMENDATION – CONTINGENT OFFER LETTER

We Recommend

- Adding language to reflect that the offer of employment is contingent on successfully completing all pre-employment requirements.
- Requiring candidates’ signature when offer is accepted.
- Maintaining a copy of the signed offer letter in the employee’s personnel file.
- Non-Union Positions
 - Include language that outlines which benefits the candidate will have and how the benefits will be administered.
 - (I.e., As a Non-Union employee your benefits will be administered in accordance with (Policy Name).
- Union position benefits are outlined in the Union Contract – Contingent offer letters should reflect that benefits will be administered in accordance with the Collective Bargaining Agreement. A link to the CBA should be included with the offer letter.

Pre-employment Checks. Pre-employment background checks are designed to verify the individual has sufficient work experience (meets the minimum requirements), possesses the required education, is not listed on an excluded provider list, and does not pose a liability or risk to the organization. Pre-employment clearances should all be conducted after receiving a signed contingent offer and completing a signed authorization form. Pre-employment clearances are conducted prior to the

candidate being cleared for hire. Should a new hire prove to be unreliable or possess a fraudulent resume and credentials, the cost of restarting the hiring process waste valuable time and money and can affect the competitive edge of the organization. The pre-employment clearance process is designed to objectively vet out candidates that would not meet the clearance requirements.

Reference and background checking are designed to help prevent claims of negligent hiring and part of the care an employer must take to ensure that the potential employee will not pose a threat to current employees or customers. Failure to complete the established pre-hire clearances could expose an employer to negligent hiring practices.

Pre-hire clearances should be completed after a conditional offer of employment is made to the selected candidate. A release authorization form should be completed upon acceptance of the employment offer. Employers who fail to exercise “due diligence” in checking a job candidate’s background may find themselves legally liable if the candidate is hired and subsequently uses the job to commit a crime. Liability may even extend to offenses that occur outside of work time. Unfortunately, for the hiring organization, companies that previously employed the job candidate almost always have policies that severely limit the types of answers they will provide, due to potential litigation. The limitations are generally verification of name, dates of employment and job titles held.

There are two key reasons, therefore, for checking references and backgrounds. One is to verify the facts provided by the applicant. The second reason is to uncover damaging background information such as criminal records that should be reviewed for their relevancy to the position for which you are hiring. For example, a conviction for embezzlement would be cause enough not to hire for a financial position such as Controller.

Pre-Employment Checks – Observations and Recommendations

Northern Lakes CMHA currently conducts thorough background checks and reference as part of the hiring process.

The Background Check Policy needs to be updated to reflect current practice related to Felonies. Currently felony charges are reviewed by the HR Manager and CEO

SUMMARY RECOMMENDATION – PRE-EMPLOYMENT CLEARANCES

We Recommend

- Evaluating the timing of the pre-employment checks and reference checks to ensure they are being done in an efficient fashion to expedite the hiring process.
- Updating the Background Check Policy to be align with current practice as related to felonies.

Organizational On-Boarding. After recruiting, screening, and selecting a new employee, the next step involves orienting and training new hires to perform their new job effectively. New hire orientations, whether formal or informal, presents a wonderful opportunity for Northern Lakes to introduce the new employee into the organization.

The purpose of Orientation day is to provide new employees with the basic information required to perform their jobs satisfactorily and to acclimate the employee into the organization’s way of doing

things. Orientation provides the foundation to engage employees early while sharing expectations and instilling Northern Lake CMHA attitudes, standards, and values.

The New Hire Orientation should make the employee feel welcomed and valued. The basic goal of every orientation process is one of introduction and acclimation into the organization culture, with team members and their own specific job responsibilities.

The orientation process begins with the first day on the job and will continue for a reasonable period of time before they have a comprehensive understanding of their responsibilities, are productive and feel they are a valuable part of the team. Orientation should address four main areas:

1. New employee anxieties.
2. Job tasks, expectations, and accountabilities.
3. Operations, culture, and values.
4. Basic policies and procedures.

New Hire Training may include a safety overview, cover proper use of equipment and review procedures applicable for their new position. Those involved in new hire training should know the objectives to be communicated, be prepared to deliver soon after the new hire is on board and document that the training was completed with the signature of the newly hired employee.

An effective orientation should have a checklist of the necessary documents the employee must complete, provide the necessary information the employee needs to know and review the benefits the employee will receive as a result of joining the organization. A consistent orientation with each employee will ensure key items are covered and required documents get to the proper parties, i.e., payroll, insurances, and HR.

New Hire Packet. A comprehensive new hire packet helps the new employee get acquainted with your organization. It also ensures you're in compliance with employment and labor laws and can protect the organization against wrongful termination lawsuits should the relationship not work out.

Below is a list of documents to consider including in the new hire packet.

A modern ATS system should be used to collect the onboarding documents efficiently.

1. **Welcome Letter:** A short welcome letter from leadership sets the tone for the relationship and reflects your organization's culture.
 - a. It is important to ensure the welcome letter does not contain any promises as to terms or conditions of employment.
2. **Benefits:** If the new hire is eligible for benefits you should include summary plan descriptions and enrollment paperwork. (i.e., medical, dental, 401(a), 457(b), etc.)
3. **Required Forms and Brochures:** Forms required by law include W-4s and Immigration Form I9. Additional documents are used to collect employee contact information, emergency contact information.
 - a. Recommend providing a checklist to help ensure the new hire understands which documents to sign and return.
4. **New Employee Orientation:** Due to the number of variables by positions, documenting the orientation process and steps by position is recommended.
5. **Employee Handbook (when developed):** Include a new hire packet with an acknowledgement form for the new hire to sign and return on the first day or within the first week.

- a. **Information Security Policies:** Your policy should include statements that the organization reserves the right to monitor and access any employee communications.
 - i. Employees should be informed that communications using Northern Lakes CMHA property or over the Northern Lakes CMHA provided systems are not private.
- b. **Harassment Policy:** Consider including a separate acknowledgement form the new hire must sign and return stating they read, understand, and will comply with the Harassment policy.
- c. **Code of Ethics/Business Conduct:** Include this information in the new hire package along with an acknowledgment form like the one regarding harassment policy.
- d. **Driving Polices and Requirements:** If the job requires driving, include all applicable driving policies, requirements, reimbursement policy, forms, insurance information, etc.
- e. **Payroll Documents:** If your organization uses direct deposit, include the enrollment forms in the new hire package with instructions on where to return it on the first day of work.

A well-designed new hire packet helps the new employees understand what is required of them on the job. It also helps them feel part of the organization. A comprehensive set of information backed up with knowledgeable HR, leadership, and supervisors helps employees get off to a great start.

Organizational Onboarding and New Hire Packet– Observations and Recommendations

Northern Lakes CMHA currently conducts an onboarding process; however, the current process is not automated or integrated into the HRIS System. Based on the technology available today the recommendation is to automate the onboarding process using a robust applicant tracking system that creates workflows and allows you to move applicants from the recruit stage into an onboarding stage seamlessly using the information that is already available in the system.

If Paychex is not equipped to provide the automation needed, the recommendation would be to consider implementing an applicant tracking system that can make this happen. Whatever system is chosen, it is important to verify that it can handle the complexities associated with onboarding and credentialing in the Community Mental Health arena and that have a proven customer service track record.

The onboarding process should include training information for each position, a training sign-off sheet clearly listing everyone's training received, employee policies and procedures, benefit summaries and any other information that is necessary for an employee at the Northern Lakes CMHA to be successful.

SUMMARY RECOMMENDATION – ONBOARDING

We Recommend:

- Continuing to enhance the onboarding experience by automating the onboarding process using a robust applicant tracking system that creates workflows and allows you to move applicants from the recruit or application stage into an onboarding stage seamlessly using the information that is already available in the system.
 - Establishing dynamic onboarding checklist that can easily be modified as processes change.
 - Creating an electronic system that allows employees to sign off on the employee handbook, and key policies.
- Conducting new hire orientation for all employees regardless of work location. While an in-person onboarding is desirable a virtual onboarding via one of the electronic platforms such as Zoom or Microsoft Teams can also work.
 - Consideration needs to be given to the I-9 process and the requirements to inspect original documentation.
 - E-Verify allows for remote I-9 processing.
- Including time in the onboarding agenda for employees to meet with the employee’s hiring manager or designee. This is a great way for departments to welcome a new employee and answer any non-HR related questions.
- Reviewing expectations for the first 30, 60 and 90 days during the first week of employment.
- Ensuring that the onboarding provides the training needed to do the basic function of the position.
 - Feedback obtained during the interviews revealed there is a lack of training in job specific systems (i.e., health record systems) which often requires hiring managers to complete individualized training when the training should have been handled by someone else in the organization. It is recommended that following the organization wide onboarding, new hires be scheduled to complete required training before being required to report to their department (i.e., health records systems).
- Ensuring there is a good transition from Human Resources to the department after onboarding is critical.

Organizational Exit. An employee’s last day may be emotional and stressful for the employee, manager and other employees depending on the circumstances of the exit. How you say “good-bye” can have a huge impact on how the employee feels about your organization, how the manager feels about the exit and how the employees feel about losing a team member. Having a well-defined process for exiting employees will help all parties involved in following the necessary steps to make the exit as smooth and as thorough as it needs to be.

The individual manager needs to be aware of his/her influence and impact on direct reports. Some turnover can be positive when employees are not acclimating to the position or not meeting performance goals. The individual manager must also engage and retain high performing employees. This process is a continual balance for management. Gallup studies have stated “An employee hires into the organization and leaves because of the manager.” Ensuring that conversations, activities, and

feedback are all aligned to engage employees and keep them productive is not an easy task and does require consistent practices and tools.

Many employers conduct exit interviews with employees who are voluntarily leaving the organization. It is important to identify who will complete them and to ensure the person completing the interview has appropriate training. The purpose is to elicit information that might give the employer better insight into what is right or wrong about the organization. Having a questionnaire ready with a list of questions prepared is valuable. Being prompt in holding the interview and consistent in what information may be obtained will best serve the organization.

Employers need to be prepared to respond to concerns addressed during an exit interview. Many times, an employee is sharing information for the first time.

LEGAL CONSIDERATIONS/RISK – EMPLOYMENT PRACTICES

1. Accommodation claims by an employee based on the federal or state ADA.
2. Incomplete or inaccurate documentation in job offers.
3. Legal claim arising from a termination of employment based on the employee's perception of unfair treatment.
4. Discrimination or retaliation claim arising from termination of employment.
5. Claim for unpaid wages with penalties arising from a termination of employment.
6. Claim of defamation arising from the termination of employment or based on the employer's failure to give a fair and factual reference to a potential new employer.
7. Inability of the employer to defeat a claim for reemployment benefits when the termination was based on employee misconduct.
8. Overall lost opportunity to address issues that you may not otherwise have been aware existed.

Exit Interview Observations and Recommendations

The Exit Interview process can be improved by placing an emphasis on its importance, ensuring employees know how the data will be collected and more importantly how the data will be used in the future.

There was not a well defined and consistent practice of obtaining valuable information upon an employees exit. The information should be obtained, compiled and any issues that are identified should be explored further. This will help to address issues that can be impacting the organization

SUMMARY RECOMMENDATION – EXIT INTERVIEWS

We Recommend:

- A formal exit interview process be implemented to ensure Northern Lakes CMHA is asking consistent questions when employees separate so that trends can be identified.
- Develop a reporting process that helps to address issues that have been raised in a way that helps retain a level of confidentiality.
- The exit interview be a process handled by HR as the final step in the employee lifecycle.
- A virtual or in person interview be conducted.
 - Northern Lakes CMHA will gain far more insight into why an employee is leaving if they take the time to meet with them individually.

IV. Compensation & Benefits

Compensation simply defined is earned income for work performed. Examples of compensation include wages, salaries, bonuses, and commissions. Discretionary bonuses can be classified as compensation.

While it is becoming increasingly important for organizations to ensure that they provide competitive compensation and benefits to attract and retain the talent needed to create or maintain their competitive advantage in the marketplace, it is critical that companies have a well thought-out and clear compensation philosophy along with sound pay structures and policies that are linked to their core values, mission, and vision.

Compensation and benefits plans should be thought of as an investment in the organization's people. Not surprisingly, more and more individuals today expect fairness and evidence that an organization's compensation and benefits plans are designed for their unique needs. And, more organizations are sharing their pay ranges and pay strategy with employees and job candidates, as more individuals expect transparency in the organization's compensation structure and processes. There is no shortage of data on market compensation practices that individuals have access to when deciding whether to join or stay with an employer.

An increasingly common employer practice is sharing total compensation statements with employees. A total compensation statement outlines all employee's rewards (salary, bonuses, equity, health insurance, etc.) and often applies a monetary value to non-cash items.

To maintain a competitive compensation environment, employers need to utilize a range of tools to gather and act upon market data and practices. This includes but may not be limited to the use of salary surveys from various sources including third-party entities, government surveys, industry surveys and paid on-line sources.

Compensation: Employers also must ensure their compensation program is not creating compliance issues for the organization. Employers should conduct regular and thorough audits of the organization's compensation practices, uncovering problems and identifying ways to address them.

Audits can focus on answering several key questions, such as:

- Is available data clean and robust enough to support a comprehensive compensation audit?
- Do compensation decisions reflect Northern Lakes CMHA's pay strategy?
- How do median pay levels differ when compared to specific groups - for example, median pay for men compared to that of women?
- Are some employees earning bonuses for unexplained or inadequately documented reasons?
- Is the compensation strategy encouraging discrepancies in pay levels or are discrepancies happening because managers are not following the compensation philosophy?
- If the goal is to pay for performance, is the organization paying for performance?

Reclassification Process:

Northern Lakes CMHA has a policy on Compensation and Classification which outlines when pay rates can be changed and when reclassifications of positions will take place. What is lacking is the policy that details on what basis a reclassification will be evaluated.

- During the onsite interviews, there were several concerns raised related to the reclassification process.
 - Both employees and Managers questioned the classification and reclassification process.
 - Under the previous leadership, Managers stated they received no support or guidance from Human Resources during the reclassification process and when request were denied, no feedback was provided to the manager or the employee.
 - Employees perceived the process to be subjective with no valid reason for the denial.
 - Prior to 2023, employees reported that most reclassification request were denied and then in 2023 there were a group of reclassification requests that were all approved without going through formal reclassification review.
 - The inconsistency has left several employees to question the fairness of the process.

Benefits: Benefits are cash and non-cash rewards in addition to compensation. Benefits include health insurance, paid time off, wellness programs, 401(a)/457(b) match, pension. Other types of benefits can include health care reimbursement accounts, flexible spending accounts, pet insurance, flex time, education, or tuition reimbursement, and paid and unpaid sabbaticals.

It is important that organizations regularly evaluate their benefit programs to make sure they are still what employees want. As workers age and new employees join the organization, employers now have to offer benefits that appeal across multiple generations of employees. This requires analyzing employee demographics to learn how many employees are in specific income brackets, geographies, and general life stages, such as those new to the workforce, workers who have families and workers approaching retirement. Employers can then evaluate benefits based on facts about their workforce.

Health and wellness benefits, which are designed to enhance employees' physical, mental, and emotional well-being, are being adopted by more organizations as a way of differentiating themselves from their competitors and showing that they care about their employees. The Harvard Business Review has done extensive research on workplace health and wellness programs that has led them to arrive at this definition for a Health & Wellness Program:

An organized, employer-sponsored program that is designed to support employees (and, sometimes, their families) as they adopt and sustain behaviors that reduce health risks, improve quality of life, enhance personal effectiveness, and benefit the organization's bottom line.

Healthy employees are more likely to stay with an organization and just as importantly – be productive employees.

Compensation and Benefits – Observations and Recommendations

The scope of this HR Assessment did not include a comprehensive compensation analysis or a complete Fair Labor Standards Act (FLSA) audit for Northern Lakes CMHA. However, the review of the census and insights gathered during interviews revealed that several positions underwent reclassification over the past year. During the interviews, multiple concerns were raised about the selective nature of this process, with only a specific subset of positions being considered for

reclassification. The reclassified positions had been brought to the attention of the previous administration but remained unaddressed.

Notably, this HR assessment found there to be a lack of documentation regarding the criteria used to determine raises for each position, and new positions descriptions were not created in accordance with the adopted policy.

Moreover, the optics surrounding the salary adjustments have raised additional concerns among employees. It was observed that those near decision-makers had their salaries modified. Given recent experiences with a controlling and less than transparent administration, the perception from some of the employee group is that leadership is prioritizing those within their inner circle.

Establishing a well-thought-out plan to systematically review and address the current wage structure, with clear communication and execution, is essential for laying the foundation. While the policy specifies that adjustments are considered between July 1st and July 31st, any allowances for adjustments outside of this time limit need to be clarified and tightened in the policy. If exceptions exist, the policy should explicitly outline the circumstances under which the evaluation of positions would occur. Following these practices will provide transparent guidance to all employees and create a framework for fair evaluations.

Increasing wages, without a systematic approach, may have inadvertently created compression issues potentially resulting in individuals in similar classifications with similar experience receiving significantly different wages. Instead of instilling confidence in the HR department and ensuring equitable treatment, these practices have unfortunately fueled perceptions of favoritism and unequal treatment among employees. Addressing wage issues systematically and transparently will be crucial for rebuilding trust and establishing a fair and consistent approach to compensation within the organization.

LEGAL CONSIDERATIONS/RISK – COMPENSATION & BENEFITS

There is a continued increase in awareness by employees related to overtime laws and changing regulations. Common claims brought by an employee or by a government authority that an employee's compensation is illegal include:

1. Employee is not classified correctly for FLSA purposes.
2. Employee is inappropriately being treated as “exempt” when they should be ‘non-exempt’.
3. Employee is a “nonexempt” employee who is paid less than the minimum wage.
4. Employee is a “nonexempt” employee is not receiving overtime compensation as required.
5. Documentation of hours worked, and compensation paid is inadequate.

SUMMARY RECOMMENDATION – COMPENSATION

We Recommend:

- Northern Lakes CMHA complete a comprehensive FLSA audit to ensure all positions are appropriately classified as exempt or nonexempt. This should be a priority as noncompliance can result in Department of Labor violations and fines.
- Northern Lakes CMHA consider a pay equity evaluation especially if hiring and compensation practice have been inconsistent.
- Updating Policy 108.301 Compensation and Classification to reflect the current practice.
- Creating and implementing a factoring system by which positions will be reviewed for reclassification or wage adjustment.
- Expanding the compensation and classification policy to include the parameters of which position will be reevaluated. Assuming more of the same level of work does not necessarily mean a reclassification would be successful as the work itself has been classified in a certain grade.
- Implementing a well-defined classification tool that can be used for new positions and reclassification requests. During this period of continued change it is imperative to establish and maintain a clear reclassification process to ensure transparency and consistency in aligning roles based on established criteria. The reclassification process must be done systematically.
- The following criteria is often used to determine the classification of a position:
 - Education & Relevant Experience
 - Judgment & Independence of Action
 - Internal & External Relations
 - Supervisory or Managerial Responsibility
 - Job Complexity & Analytic Demands
 - Responsibility for the Safety and Convenience of Others
 - Technology & Equipment Use
 - Impact on Programs, Services, and Operations
 - Intensity & Demand for Concentration
 - Work Environment

Additional criteria can be added based on the agency's operations and unique organizational structure.
- Reviewing and updating the policy language related to the reclassification process.
 - It is imperative the policy be updated to reflect current process and then followed to restore trust in the process moving forward.
- Following established reclassification process to ensure all requests are handled in a consistent manner.
- Providing timely and consistent feedback to employees and managers when requests for reclassifications are denied or delayed.

V. Performance Management

A Performance Management system means more than assessing an employee's performance on a periodic basis. Current trends find that employees need and desire more immediate feedback and are looking for some type of formal feedback at least on a quarterly basis. More frequent feedback is more reliable and may provide a "no surprises" approach.

An effective performance management system:

1. Establishes clearly defined performance expectations.
2. Sets clear measurable objectives linked to business goals, coaching, and providing constructive feedback on job performance and employee behavior and rewarding and recognizing employees based on individual performance.
 - a. Employees should be equal participants in the process and work with their leader/supervisor to set objectives and plan their career development.

Performance Management – Observations and Recommendations

Currently Northern Lakes CMHA has a policy on Performance Evaluations which indicate that new hires will have at least evaluation during the first 6 months of employment and annually thereafter.

Based on feedback from the interviews, Northern Lakes CMHA has not consistently conducted performance evaluations. In fact, several employees reported never having an evaluation. The performance management process is inconsistent at best. The evaluation itself leaves room for improvement. Managers/Supervisors and employees have not been trained on conducting performance evaluations or on giving and receiving feedback. To further complicate the process the questions asked and rated are not meaningful. For example, raters are asked to give a rating on the employee's goals.

When determining if employees received one-on-one meetings throughout the week, month, quarter, year the responses were just as concerning.

Several individuals reported receiving no one-on-one time with their supervisor. It is recommended that Northern Lakes CMHA provide employees with scheduled performance feedback, whether it be through regular one-on-one conversations between employee and the supervisor or through a more formal performance review. If implementing regular one-on-one meetings, meeting notes should be documented and utilized if pay for performance is to be implemented.

LEGAL CONSIDERATIONS/RISK – PERFORMANCE MANAGEMENT

1. Legal claims based on an employee's perception of an unfair performance evaluation or disciplinary process.
2. Retaliation claims resulting from employee discipline or performance correction.
3. Defamation or invasion of privacy claim resulting from employee discipline or performance correction.

SUMMARY RECOMMENDATION – PERFORMANCE MANAGEMENT

We Recommend:

- Re-evaluating the performance evaluation system to make it meaningful for all parties.
- Training both managers and employees on the performance evaluation grading system.
- Clearly defining and communicating the probationary period evaluation process.
- Have clearly defined 30/60/90-day goals for each position.
- Following up with new hires during the 90 days to determine if they have the tools, they need to do their jobs.
- Establishing best practice for communicating on employee performance more than once a year and during that time include career development discussions for employees.
 - While there is a formal process in place to evaluate or provide feedback, employees are looking for intentional conversations, recognition, and feedback.
 - Performance discussions should be a time to recognize all employee performance not only a time to address underperformers.
- Improving the process to ensure that the evaluations can be done electronically.
- Northern Lakes CMHA leadership identifies a set of standard annual goals that they would like to see Northern Lakes CMHA meet as a whole.
 - From here, everyone can work with their supervisor to see how they impact Northern Lakes CMHA goals.
 - When employees can see that they have a direct impact on the success of Northern Lakes CMHA, it increases employee engagement and connection with Northern Lakes CMHA

VI. Career Development & Succession Planning

Career Development. A career development program provides many advantages to the success of the organization. Providing constructive career development opportunities for the employees is one of the most cost-effective ways to achieve the following benefits for your organization:

1. Retention
2. Engagement
3. Productivity
4. Knowledge Transfer/Retention
5. Skills & Abilities
6. Positive Northern Lakes CMHA Branding
7. Healthy Succession Pipeline

Career Development – Observations and Recommendations

Northern Lakes CMHA currently does not have a formal career development plan in place for any employees. Northern Lakes has two employees dedicated to training who have more than 25 years with the agency and no succession plan should either choose to retire or leave the agency sooner than expected.

It is recommended that the Northern Lakes CMHA identify career development opportunities for current and future employees especially if they intend to continue a “Grow our own” approach.

Succession Planning. Succession planning identifies job vacancies that can be expected to occur through retirement or attrition and then takes into consideration a strategic approach on where and how internal candidates might fill those vacancies. Succession planning involves assessing job requirements and the skills of existing employees and then develops a plan to fill identified gaps between the needs of the organization and the skills that can be developed with training and development activities.

A strong succession plan:

1. Identifies future leaders.
2. Develops a promote from within culture.
3. Is cost effective.
4. Identifies competency gaps.
5. Ensures continuous effective leadership.

Succession Planning – Observations and Recommendations

The interviews with Northern Lakes CMHA employees found there is no formal or structured succession planning practice in place.

LEGAL CONSIDERATIONS/RISK– CAREER DEVELOPMENT & SUCCESSION PLANNING

An insufficient Career Development & Succession Planning can result in:

1. Non-flexible career paths that result in lack of creativity.

2. Higher turnover rates.
3. Failure to notice potential high performing successors.
4. Increased discontinuity in the event of the sudden departure of a key employee.

SUMMARY RECOMMENDATION – CAREER DEVELOPMENT & SUCCESSION PLANNING

We Recommend:

- That Northern Lakes CMHA evaluate and initiate career development opportunities for employees.
 - Career development should be discussed with employees during their performance evaluations or one-on-one supervisions.
 - Career development within the organization should be considered when evaluating the training positions to expand the duties to be more inclusive.
- The agency should place a focus on succession planning to ensure there are future successors ready to move into key positions when vacancies arise.

Providing career development opportunities for employees is a great way to engage and invest in employees and makes employees feel valued.

VII. Employee Relations

The Society of Human Resources Management (SHRM) defines employee relations as a function that encompasses a broad range of concepts, transactions, practices, behaviors, and objectives arising out of the relationship between an employer and its employees, supervisors and subordinates, and co-workers.

Employee relations supports and guides a myriad of decisions that an organization's leaders will make while recruiting, screening, hiring, training, compensating, assessing, accommodating, coaching, counseling, disciplining, and terminating employees.

It is impossible to anticipate all situations managers and employees will face in the workplace. Nevertheless, human resource professionals who understand the basic concepts of employee relations and who take steps to ensure their organization's rules are logical and well understood by employees and leaders will know how to identify needs, spot issues and form solutions to situations as they arise.

Basic employee relations concepts include equal employment opportunity, fairness, and consistency in the treatment of employees, effective communications between management and employees, documentation of employment actions, record-keeping as required by law and practice, performance management systems, and conflict resolution processes. In some organizations employee relations professionals are responsible for creating and maintaining a positive, productive, and cohesive work environment within the organization's particular business model and corporate culture.

Employee Relations– Observations and Recommendations

We conducted over 50 hours of interviews during the HR Assessment. Initially interviews were scheduled with a smaller group of hiring managers, leadership, the union, and the HR team. Due to interest, the opportunity to meet with Rehmann was extended to anyone willing to participate in the assessment process. This resulted in 49 employees being scheduled for an interview. Additionally, Northern Lakes CMHA agreed to broaden the avenues for feedback through the employee engagement survey, the findings of which will be discussed later in the report.

As HR professionals, the insights we gained were disheartening. The organization has grappled with years of mistrust, fear of retaliation, harassment, intimidation, inconsistency, frustration, and unacceptable working conditions. The impact on employees runs deep, with the root cause of most concerns traced back to a culture where top executives misused their authority, employing intimidation and retaliation as management tools.

A select inner circle of employees-controlled resources, finances, and policies, profoundly affecting each department's operations. Those aligned with this group received preferential treatment, while those outside the group faced unprofessional treatment which was a recurring theme throughout our assessment.

Engaging with the Rehmann team proved challenging for several employees due to fear of potential retaliation. As promised during interviews, this report will not disclose identities but will aggregate and summarize the factors contributing to the current environment.

Much of the employee feedback provided in the engagement study closely mirrored what was shared during the one-on-one interviews. Results of the interviews are also aggregated into this report where applicable.

We found the employees to be open and candid when they met with the Rehmann Team.

- Many employees shared their concerns about past practices.
- Several employees indicated that an assessment by an outside company was a step in a positive direction and were grateful for the opportunity to be heard.
- Many employees shared their hope for the future based on recent events that have transpired and changes that were being made under the new leadership team.
- Compliance concerns that were identified have been forwarded to the appropriate individuals for further investigation or follow-up.
- Other themes that came up during the interviews included:
 - Lack of accountability (supervisors witnessing behavior but not correcting it).
 - Inconsistent application of policy (breaks, scheduled start and stop time, remote work)
 - Unbalanced workloads (some employees feel overwhelmed while others appear not to have enough work)
 - Unfair hiring practices (perception that minimum qualifications not being met or being changed for a specific individual).
 - Insubordination (unprofessional behavior toward supervisor).
 - Lack of inclusiveness.
 - Lack of diversity within the organization.
 - Supervisors not being available.
 - Lack of Leadership response to critical safety concerns.
 - Lack of overall response to safety concerns.

Employee interviews during the assessment revealed that confidential information was inadequately safeguarded, with crucial details of sensitive matters reaching supervisors or managers via other employees, and necessary job-related information often being restricted on a need-to-know basis determined by individual that did not have a full understanding of the situation.

Significant organizational changes over the past year, have left employees uncertain about their future with many wonderings who may be the next to leave the organization. Improved communications, even when detailed information cannot be shared, is crucial to steer the organization in a more positive direction. To accomplish this may require written communications on sensitive topics, acknowledging, for instance, an employee's departure with unknown duration, and directing any questions or concerns to a specific contact person within the organization.

It is crucial to highlight two significant aspects that emerged during the evaluation concerning the unity, or lack thereof, within the organization.

First, there is a sentiment that offices outside of Traverse City are perceived as the stepchildren of the organization. Despite each location playing a vital role in providing essential services, employees in these offices often feel disconnected, as if they are an afterthought. While commendable initiatives have been introduced to have the current leadership team visit these alternate locations on a more regular basis, it has not yet changed employees' perceptions that remote locations are valued differently than the Travis City location. Every office and every employee, regardless of its location, should feel equally integrated into the organization - ensuring a sense of connection is imperative to change that perception.

A genuine concern resonated not only about job security but also about the future trajectory of the organization. Frontline employees, serving as the face of the organization, seem to lack a sense of connection and understanding regarding the board's vision. Differing opinions exist on whether the board has definitively charted the organization's course for the future.

The dedicated team of passionate employees' desires to deliver high-quality services, however the lack of a clear organizational vision creates uncertainty. Connecting each employee to the organization's overarching goals can profoundly impact employee engagement and provide a measure of goal achievement.

The interviews revealed that the employees like to understand 'Why' changes are being made or considered. When compliance changes are implemented, it is critical to communicate the reason for the change with the employee group and when possible, provide supporting documentation for those that want more detailed information. For example, if the change is related to MDHHS guidelines, employees would like a link related to the change be provided so they can review the information to gain a better understanding for the reason for the change. Without having access to the source for the change, employees are apt to do their own research which can lead to confusion if they are unable to locate information supporting the change or if they locate information that contradicts the change. Employee feedback supports that employees gain comfort when provided access to the source document initiating the change.

Annual strategic planning sessions present a valuable opportunity to unite the organization. A skilled facilitator can assist the board in refining their focus, linking senior leadership to the goals, and instilling a cohesive vision throughout the organization. At present, there seems to be a lack of focus and heightened uncertainty, prompting individuals to keep their options open.

LEGAL CONSIDERATIONS/RISK – EMPLOYEE RELATIONS

1. Lack of communication
2. Employee relation issues due to blind biases, inconsistent practices
3. Failure to train.
4. Increased risk due to unknown compliance requirements
5. Lack of connection to the board of director's vision

SUMMARY RECOMMENDATION – EMPLOYEE RELATIONS

We Recommend:

- Focusing on rebuilding trust throughout the organization.
- Ensuring a consistent application of policies and procedures.
- Ensuring all actions of the agency are in line with the core values and mission.
- Increasing transparency to ensure employees have the information they need to do their jobs.
- Developing a structured communication plan that reaches all employees.
- Recognizing employees for their work
- Providing supervisors with structured leadership training
- Providing employees with growth and development opportunities
- Implementing a performance appraisal system that fosters effective feedback between managers and employees.
- Continuing with the employee engagement surveys to actively monitor progress.
- Adhering to a structured internal promotional process.

SUMMARY RECOMMENDATION – CAREER DEVELOPMENT &

VIII. Health & Safety

The goal of the occupational safety and health program is to foster a safe and healthy work environment. The following is an excerpt of key employer responsibilities from the Department of Labor – Occupational Health & Safety Administration:

1. Examine workplace conditions to make sure they conform to applicable OSHA standards.
2. Make sure employees have and use safe tools and equipment and properly maintain this equipment.
3. Post, at a prominent location within the workplace, the OSHA poster (or the state-plan equivalent) informing employees of their rights and responsibilities.
4. Keep records of work-related injuries and illnesses.
5. Update Policy 2.16 Department of Labor Safety Investigations (OSHA)

Health and Safety – Observations and Recommendations

During the Assessment interviews, it was mentioned that Northern Lakes CMHA experiences relatively few work-related injuries or illnesses. However, the existing safety committee's effectiveness was questioned, primarily concerning its composition and decision-making authority.

It is advisable to reassess the safety committee's structure, incorporating HR into its membership and establishing a streamlined process for project completion. Delaying simple task for extended periods of time (some reported greater than a year), such as changing a light bulb, fixing a door or implementation of other safety standards is not in line with best practices. It is crucial to ensure that the right resources are allocated and that the CEO and CFO regularly follow up on safety meeting activities and findings to enhance the committee's overall effectiveness.

Safety concerns included:

1. Risks of additional physical attack by consumers.
2. Lack of security while the Crisis Welcoming Center is temporarily being operated in the Traverse City Location.
3. Current greeters being vulnerable and unprepared to deal with an emergency on the first floor of the Traverse City location while the Crisis Center is being operated.
4. Office set-up not meeting safety guidelines.
 - a. Desk placement - not having unobstructed access routes when meeting with individuals in the office.
5. Panic buttons on laptops do not identify location. False alarms are common, diminishing other employee's reaction/response to the alarm.
6. The inability to remotely lock down facilities if needed (secondary location).
7. Distance to nearest faucet to wash hands after providing services to an individual. (Secondary location).
8. Lack of debriefing after critical incidents.
9. Lack of leadership support after critical event.
10. Lack of specialized situational awareness or self defense training for personnel that directly services individuals onsite or out in the community.

LEGAL CONSIDERATIONS/RISK– HEALTH & SAFETY

Failure to provide a safe work environment can lead to:

1. Costly mistakes from lack of preparation and training
2. Failing an OSHA audit – not good for business!
3. Injury
4. Employee morale and short-term hires

SUMMARY RECOMMENDATION – HEALTH AND SAFETY

We Recommend

- Reassessing the safety committee's structure, incorporating HR into its membership and establishing a streamlined process for project completion.
- Reassessing if the current panic button system provides effective notification for current operations.
- Responding to all safety related inquiries and feedback in a timely manner to ensure employees know their concerns have been received.
- Providing specific safety related to training for clinicians who meet with individuals.

IX. Government Regulations

HR and leadership are key to alignment with federal and state regulations. HR and leadership ensure federal and state compliance with a wide range of statutes and implementing regulations. Being aware of the following governmental regulations is critical to the organization's compliance and risk mitigation.

Major federal regulations include:

1. Immigration Reform and Control Act
2. Equal Pay Act
3. Employee Polygraph Protection Act
4. Fair Labor Standards Act
5. Occupational Safety and Health Act
6. Employee Retirement Income Security Act
7. Uniformed Services Employment and Reemployment Act
8. Consumer Credit Protection Act
9. Jury Systems Improvement Act

Major state regulations include:

10. Elliott-Larsen Civil Rights Act
11. Persons with Disabilities Civil Rights Act
12. Workforce Opportunity Wage Act
13. Bullard-Plawecki Employee Right to Know Act
14. Whistleblowers' Protection Act
15. Michigan Occupational Safety and Health Act

LEGAL CONSIDERATIONS/RISKS – GOVERNMENT REGULATIONS

Familiarity with government regulations is imperative to mitigating risk to the Northern Lakes CMHA, being fair in employee actions, consistent in the treatment employees, and avoiding litigation.

X. Process Improvements – Employee Feedback

The HR Assessment not only focused on the employee life cycle from the HR operations perspective, but it included determining how HR's customers felt about the department and service delivery. Based on our review of processes and practice coupled with feedback from the end user this is what was identified in the Assessment Interviews:

HUMAN RESOURCES

1. A majority of the HR team is new to the organization, presenting a wealth of opportunities. The HR Assessment and the employee engagement survey elicited valuable feedback, shedding light on various aspects. It is important to recognize that significant personnel changes have taken place, and these recent changes are poised to have a positive impact on the organization.
2. Employees expressed highly favorable sentiments about Becky Brown in her new HR Specialist role. As Becky is provided with the necessary tools and resources needed, the organization will undoubtedly reap continued benefits.
 - Implementing a robust recruiting process that ensures consistency in hiring for all positions will not only generate momentum in the hiring process but also instill trust among those relying on the organization to make sound hiring decisions.
3. Based on feedback received, employees believe that Kris Rehling is a valuable resource for benefit related questions.
4. Selecting and hiring, Neil Rojas, HR Manager has been well received, employees have found Neil to be very approachable, reachable, and responsive. Neil brings a fresh perspective to the HR Department which employees appear to have embraced.
 - Neil's lack experience working in a Union environment and navigating labor relations will require dedicated mentorship as personnel and union concerns arise. Providing Neil with the resources needed will be important for his success in the HR Manager position.
 - It is critical that Neil be provided ongoing access to a resource or mentor he can contact when HR guidance is needed. While this will be challenging in the beginning it also presents room for growth and development, having the right mentorship will provide Neil with the support needed to develop the HR Manager position to its fullest.
5. Human Resources plays a crucial role in guiding employees through various aspects of their employment journey, including understanding policies, benefits, grievance procedures, and career development opportunities. When support is not readily available or communication channels are unclear, employees may struggle to resolve issues, resulting in prolonged conflicts or unresolved concerns. This lack of clarity can also contribute to a sense of disengagement and mistrust among employees, as they feel their needs are not adequately addressed. As the new team continues to build relationships with employees, this will begin to take shape and trust in the department will begin to be restored.

6. In addressing these challenges, Northern Lakes CMHA should institute well-defined channels for employees to identify the appropriate contacts for HR related matters. Additionally, continuous training for HR personnel is crucial to ensure their readiness in promptly and effectively addressing employee inquiries. An accessible and supportive HR function plays a pivotal role in fostering a positive and productive work environment, where employees feel acknowledged and valued.

It is advisable for Northern Lakes CMHA to explore the streamlining Human Resources duties and responsibilities, promoting a more seamless connection with employees and reducing risks associated with legal, regulatory, and policy compliance.

Cross training is critical. To avoid disruption during unplanned leaves or unexpected vacancies it is strongly recommended to have redundant admin access in place for each HR system including but not limited to HR Admin access to all benefit systems, HRIS system, Applicant Tracking, Workers' Compensation, I-Chat, Secretary of State, NPDB, Exclusion Databases, etc. Establishing redundancy is much efficient when the current system administrator is actively working and can add other Admins to the system relatively easy compared to having to establish new administrator access which can take days or weeks to accomplish.

COMMUNICATION

7. Policies and Procedures –HR policies should be reviewed with leadership on a periodic basis to ensure leadership understands their role. Understanding expectations will help to ensure that policies are consistently applied throughout the organization.
8. Consistent communication gaps emerged as a recurring theme in interviews. The absence of regular and transparent communication poses a potential threat to overall organizational success and employee morale. Without clear and consistent guidance from leadership, employees feel a sense of disconnection, leading to misunderstandings, decreased productivity, and a decline in trust. Addressing these challenges requires Northern Lakes CMHA to prioritize open and transparent communication channels from top to bottom. If employees continue to face difficulties in obtaining information, an examination of management communications becomes essential to rectify the breakdown. Through a commitment to consistent communication and ongoing improvement, Northern Lakes CMHA can foster stronger employee relationships and enhance adaptability. Clear and consistent communication will be a key factor in restoring trust in the organization, every employee should feel valued and respected.

SUMMARY RECOMMENDATION – HR PROCESS IMPROVEMENTS

We Recommend

- Prioritizing succession planning for the HR training positions as both incumbents have expressed concern that there is no backup for their positions, and they both shared that they are nearing retirement within the next few years and could leave in close proximity of each other.
- Reevaluating the current HR Training structure to find efficiencies, rebalance and redistribute workloads as appropriate and automate processes.
- Developing a communication plan to ensure HR related information reaches the right people in a timely manner and to help employees understand why things are changing.
- Providing Compliance Training – FLSA, I-9, Personnel Files
- Providing cross training for all HR functions
- Establishing redundant access to all electronic systems to ensure continuation of services in the event of unexpected absence or vacancy.

BOARD OF DIRECTORS

1. Employees provided candid responses during both the interviews and the employee engagement feedback sessions. Despite lingering hesitation, fear, and uncertainty, employees, when prompted about barriers to their job performance or any unaddressed concerns, expressed apprehensions about the future. Beyond the challenges of the internal culture that require time and actions to repair, their concerns extended to the direction of the agency. Specifically, employees shared their apprehensions about the Board of Directors, the perceived lack of direction, and the overall support for the agency's mission and its employees.
2. Questions loom regarding job security, the agency's continued service to the population it serves, and whether the board comprehends the impact of its actions and words on the employees and the agency's reputation.
 - The critical need for alignment within the organization becomes evident for the future of Northern Lakes CMHA and its beneficiaries. Establishing a clear understanding of the board's mission, vision, values, and goals as a unified entity will lay the foundation for the organization's trajectory.
 - The CEO's goals should be structured to complement those of the Board of Directors, ensuring a harmonious alignment.
 - Every employee in the agency should have goals aligned with the collective objectives of the Board of Directors and CEO, working collectively to advance the organization.
3. As the Board of Directors undergoes a period of transition and formation, it is essential to navigate the inevitable ups and downs and find common ground aimed at supporting the core mission of Northern Lakes CMHA. The undeniable care employees provide to those they serve and the passion for the work they do cannot be overlooked, nor can their concerns for the future. The past several years have been marked by widespread uncertainty, numerous questions about the agency's future, and an overarching contemplation of its trajectory.

EMPLOYEE ENGAGEMENT SURVEY SUMMARY

Rehmann conducted an employee engagement survey in December 2023. The purpose of the survey was to identify the status of factors that influence employee engagement and the overall morale and impact on employee performance and retention.

The survey was implemented using the world-class Gallup Q12 survey platform. All employees were invited to respond to 12 Gallup and 10 organization-specific rating-based questions. The engagement survey also provided an opportunity for employees to share feedback and comments by responding to four comment-based open-ended questions. A summary of the results is below.

Survey Results

Participation

Invitations	Responses	%
351	233	66%

Percent of Engaged Employees

Responses	Engaged	Not Engaged	Actively Disengaged
233	39%*	47%	14%

**This is above Gallup's current average of 34% for US and Canada overall.*

Survey Findings: Strengths

The following items were reported through the questions or comments as positive attributes of working at NLCMHA:

- Noticeable positive changes since the interim CEO took over – specific examples were provided in the comments.
- Strong basic needs including setting expectations and providing what is needed to get the work done.
- Relationships with coworkers and consumers.
- Flexibility in schedules and benefits.
- Growth and development opportunities.

Survey Findings: Opportunities

While there were many positive attributes, respondents were honest and candid about what they would like to see improved. Below are a few themes from the data and comments.

- Acknowledgement and recognition for great work.
- Transparency and communication.
- Accountability and teamwork.
- Support from the Board.

Overall

- The survey identified variation in sentiment between divisions allowing best practice identification and targeted actions to be taken.
- The CEO has made a noticeable impact changing the culture and it is appreciated.
- Creating plans to address opportunities and improvements can increase engagement and impact organization results.
- The complete details of the employee engagement survey are provided in a separate document.

XI. Department Structure and Responsibilities

Presently, the HR department is in a development phase, with several member of the team learning and growing in their individual roles. Despite having a positive team dynamic which is a refreshing attribute for HR, there is a notable absence of resources available to provide HR support during peak periods, absences, and staff transitions.

Three members of the HR team, including the HR Manager, work out to the Traverse City Office, one member of the HR Team works in person out of the Cadillac Office and two HR members are dedicated to training, working mostly remote.

Due to the current structure, HR training has become siloed. To foster a cohesive team a conscious effort needs to be made to break down the silos within HR allowing the HR manager the opportunity to develop succession planning based on the operational needs and current staffing levels of the department.

Dedicated and structured cross training is needed. Requiring all HR staff onsite at least two days per week would provide a more conducive environment for cross training than the current arrangement presents. Consideration should be given bringing all HR Staff on site two or more days each week while cross training is being conducted, additional onsite time could be scheduled when needed. Having everyone onsite on the same days and at the same location will provide Neil with the opportunity to gain a more comprehensive understanding of the functions of each HR position and determine where there is a need to rebalance and/or redistribute tasks.

Based on the results of the Assessment, we also recommend conducting a thorough time study on the two training positions to identify areas where efficiencies can be introduced. This may involve expanding the trainer pool through a train-the-trainer series or re-evaluating how training requests are made, tracked, and delivered within the organization.

During the assessment, Northern Lakes CMHA benefited from the presence of a competent intern showcasing a keen eye for detail. Given the substantial seniority of the two training individuals with over 25 years of experience, the organization should consider initiating succession planning to safeguard the wealth of knowledge they contribute. HR could take a lead role in championing succession planning within the department and subsequently extend its implementation to the broader organization. This strategic approach will ensure a smooth transition of skills and expertise, fostering continuity and organizational resilience.

The reclassification of the HR Director to the HR Manager within the current organizational structure appears to have appropriately aligned the role with the actual operational need and requirements. The crucial aspect is to furnish the HR Manager with training to effectively navigate areas where they may be less familiar. There is a discernible need within the department for an on-site presence, someone readily available, and actively engaged with employees.

Lastly, it is crucial to acknowledge that the interim appointment of Brian Martinus as the CEO has been instrumental in steering the organization in the right direction. Brian has navigated through several challenging decisions that needed to be made, demonstrating a commitment to addressing years of unwelcome leadership styles that did not align with the organization's values and failed to foster a positive, welcoming, or engaging environment. While there is still much work ahead, the key

to future success lies in providing stability, transparent communications, and rebuilding trust through open-mindedness and a willingness to listen to those outside of his immediate circle. A harmonious alignment between the board and the CEO in this environment would undoubtedly be a recipe for success.

Understanding the Union contract, developing the employee handbook and having clear policies that are consistently followed and enforced will be essential for the success of the human resources department and the organization. When challenges are faced, or questions arise with the union, HR employees first resource should be the union contract and then once developed the employee handbook. Where the contract is silent, employees she look to the employee handbook and other written policies and then refer to past practices that supports the questions.

Northern Lakes CMHA has a dynamic work environment which depends on its employees to serve its consumers. The goal to establish a solid HR foundation will benefit all employees and Northern Lakes CMHA. It is critical to support the agency, meet the needs of its employees and provide the resources that are so critical to operate Northern Lakes CMHA .

Conclusion

The team while relatively new is off to a good start. The assessment interviews indicate that personnel changes that have taken place in the Human Resources Department are being viewed as positive. With a new team there is a need for structured training in the areas of effective and compliant practices and processing and maintaining proper documentation. Having direct access to HR expertise on matters such as employment law, best practices, labor relations and implementation will ensure the new HR Manager is positioned to fully develop and will provide the resources needed to meet the challenges of managing today's workforce. We highly recommend you consider these recommendations. Many are easy, achievable, and cost-effective to implement.

Having a HR department built on a foundation of legal compliance and clearly documented policies is a solid step for communicating management's philosophies, reinforcing the Northern Lakes CMHA culture, and rebuilding trust with employees through their consistent application.

As shared by Michael Burchell, Partner, Great Places to Work Institute at a Detroit SHRM Chapter Event, a business with a strong culture built on credibility, respect, fairness, pride, and camaraderie outperforms companies listed on the S&P companies by over 360%. TRUST is the main component, "the enduring connection" as Michael described it. The definition of a Great Place to Work:

A great workplace is one where employees TRUST the people they work for, have pride in what they do and enjoy the people they work with.

Rehmann appreciates the opportunity to conduct this HR Assessment and looks forward to assisting with the action plan. It has been a pleasure to work with the Northern Lakes CMHA.

Thank you!

Appendix A & Appendix A-1– Employee File Setup, Record Retention and Personnel File Audit Results

Checklist: Personnel File Audit

Employee name: Job title:

Employment/Orientation Records

- Application and/or resume.
- Offer of employment letter.
- Job description.
- Confidentiality, noncompete or other employment agreement(s).
- New hire checklist.
- Handbook acknowledgment (latest revision date _____).
- Drug testing policy acknowledgment and consent form.
- Background check consent form.
- (Other) _____

Performance Records

- Performance evaluations.
- Self-evaluations.
- Disciplinary warnings and performance improvement plans.
- Notes to file regarding verbal counseling/discipline.
- Awards or recognition for exemplary performance.
- (Other) _____

Training Records

- _____ Required training/certification.
- _____ Required training/certification.
- New-hire orientation checklist.
- New-hire safety training checklist.
- Job-specific safety training checklist.
- Harassment training acknowledgement.

Separation Records

- Resignation letter.
- Notes about the reason for separation.
- Exit interview.
- Separation checklist.
- Unemployment documents.
- Separation agreement.

- Post-termination correspondence.
- Reference release form and reference statements
- (Other) _____


Remove the following types of documents from employee personnel files and store separately:


- I-9 forms and copies of identification.
- Investigation notes and reports.
- Drug test and background check results.
- Payroll records containing social security numbers or other protected information, including W-4s and garnishment orders.
- Medical records including medical exams, disability benefits claim forms, notes from doctors, Family and Medical Leave Act (FMLA) leave records, requests for ADA accommodations, worker's compensation claims and related documents, EAP referrals, results of drug/alcohol tests, reimbursement requests for medical expenses, health-related information about an employee's family members, and any documentation about past or present health, medical condition, or disabilities.
- Confidential records include anything that has protected or sensitive information such as date of birth, marital status, religious beliefs, etc.
- Consumer-related credit information, credit reports, and personal or financial data.

Appendix B-Compliance Calendar

2024 Annual HR Planning Compliance Reporting Calendar

Deadlines Month/Date	Compliance Event	Owner	Applies To	Source Link or Reference
January 1st	Minimum Wage Review	Finance / HR	All Employers - Review Minimum Wage consider if any other wages are impacted by Minimum Wage Changes	https://www.michigan.gov/leo/bureaus-agencies/ber/wage-and-hour/minimum-wage-january-2024
January 1st	Update Mileage Reimbursement rate	Finance / HR	All Employers	https://www.irs.gov/tax-professionals/standard-mileage-rates
January 1st	Paid Medical Leave -Required for individuals who work on average greater than 25 hours per week for greater than 25 weeks in the preceding calendar year	HR	Employers with 50 or more Individuals	https://www.michigan.gov/-/media/Project/Websites/leo/Documents/WAGE-HOUR/WHD-99xx-Information-Sheets/WHD-9911-PMLA-Poster/Paid_Medical_Leave_Act_Poster_9911_English.pdf?rev=764ee47c1ed442bd9ac1d904eb042ea7
January 31st	Send Copy of 1099-NEC Form to IRS	Finance	Anyone who paid someone who is not their employee, such as a subcontractor, attorney or accountant \$600 or more for services provided during the year	https://www.irs.gov/businesses/small-businesses-self-employed/forms-and-associated-taxes-for-independent-contractors
January 31st	Distribute W-2 Forms to Employees	HR/Payroll	Every employer engaged in a trade or business who pays remuneration, including non-cash payments of \$600 or more for the year (all amounts if any income, social security or Medicare tax was withheld) for services performed for each employee (even if the employee is related to the employer) from whom: Income, Social Security, or Medicare tax was withheld Income tax would have been withheld if the employee had claimed no more than one withholding allowance or had not claimed exemption from withholding on Form W-4, Employee's Withholding Allowance Certificate	https://www.irs.gov/instructions/iw2w3 https://www.irs.gov/forms-pubs/about-form-w-2
February 1st (post) April 30th (remove)	Post in Workplace OSHA 300A - Summary of Injuries from Previous Calendar Year	HR/Safety	1 - 10 at all times during previous calendar year only if notified by OSHA/BLS to maintain records 11+ unless establishment is classified as a partially exempt	https://www.osha.gov/sites/default/files/OSHA-RK-Forms-Package.pdf
February 28th March 31st if filing electronically	File 1094-B and 1095-B form with IRS	HR/Finance	Self-Insured employer and not 50+ FTE in prior calendar year	https://www.irs.gov/instructions/i109495b
February 28th March 31st if filing electronically	File 1094-C and 1095-C form with IRS	HR/Finance	Employers (including government employers) subject to the employer shared responsibility provisions sponsoring self-insured group health plans, including individual coverage health reimbursement arrangements (HRAs) / Average 50+ FTE in prior calendar year	https://www.irs.gov/instructions/i109495c
March 1st	Distribute 1095-B form to employees	HR/Finance	Self-Insured employer and not 50+ FTE in prior calendar year	https://www.irs.gov/instructions/i109495b
March 1st	Distribute 1095-C form to employees	HR/Finance	Average of 50+ FTE in prior calendar year	https://www.irs.gov/instructions/i109495c
March 24th	Public Employer Contributions to Medical Benefit Plan Annual Cost Limitations Announced for Calendar Year 2025	HR/Finance	Michigan Department of Treasury releases the amount that a public employer may contribute to a medical benefit plan.	https://www.legislature.mi.gov/S(nbic0vqaeiagjvhzy1hptuj)/mileg.aspx?page=getObject&objectName=mc1-15-564
June 29, 2023 - Ongoing	New for 2023: Certification of Status of Affirmative Action Plan(s) on OFCCP Portal. Must be maintained in 2024 and on.		Executive Order 11246: Employers with 50+ employees and a single federal service/supply contract of \$50,000 or more (not required - employers whose sole coverage comes from construction contracts or federally assisted construction contracts. Section 503 of Rehabilitation Act: Employers with 50+ employees and a single federal service/supply contract of \$50,000 or more. VEVRAA: Employers with 50+ employees and a single federal service/supply contract of \$150,000 or more	https://www.dol.gov/agencies/ofccp/contractorportal https://www.dol.gov/agencies/ofccp/jurisdictional-thresholds
Filing Deadline: TBD Anticipated May-October 2024	File EEO-1 Report	HR	100+ or Federal Contractor 50+	https://www.eeoc.gov/employers/eeo-1-data-collection

Deadlines Month/Date	Compliance Event	Owner	Applies	Source Link or Reference
July 31st	PCORI Fee Patient-Centered Outcomes Research Trust Fund fee will continue to be imposed through 2029.	Finance / HR	Insurance carriers are responsible for paying PCORI fees on behalf of fully insured plans and employers are responsible for paying the fee on behalf of self-insured plans.	https://www.irs.gov/affordable-care-act/patient-centered-outcomes-research-trust-fund-fee-questions-and-answers
July 31st (for plans that follow a calendar year) OR last day of 7th calendar month after plan year end	File Form 5500	Finance/TPA	Any company with an employer tax deferred benefit plan or a tax- deferred retirement plan	 https://www.irs.gov/retirement-plans/form-5500-corner#:text=File%20Form%205500%20to%20report,for%20a%20calendar%20year%20plan
Reporting Period: August 1st through September 30th Filing Deadline: September 30th	File VETS-4212 Report with US DOL	HR	Federal Contractors or Subcontractors with \$150,000+ in annual contracts	https://blog.dol.gov/2021/08/12/vets-4212-filing-season-is-here#:text=Federal%20contractors%20and%20subcontractors%20must,covered%20government%20contract%20or%20subcontract
September 30th	Summary Annual Report - The plan administrator generally must furnish SARs within nine months after the end of the plan year (which is two months after the normal due date for Form 5500s).	HR	Summary Annual Report contains information regarding the claims and premiums paid under the terms of the Plan during the Plan year.	https://www.dol.gov/general/topic/retirement/planinformation#:text=This%20is%20a%20summary%20of,isable%20at%20no%20cost
September through October (generally) as new benefit plan year rates are set	Public Act 152 Publicly Funded Health Contribution Act	HR	Public Employers take recommendations to governing body to approve either 80/20 rule, Hard Cap or Opt-Out for new plan year/fiscal year.	https://www.legislature.mi.gov/documents/mcl/pdf/mcl-act-152-of-2011.pdf
October 3rd	Retiree Drug Subsidy (RDS) Application due to CMS	HR	Allows employers and unions to continue assisting their Medicare eligible retirees in obtaining more generous drug coverage.	https://www.cms.gov/medicare/coordination-benefits-recovery/employer-services/union-retiree-drug-subsidy
October 15th Generally	Distribute Medicare Part D Notice of Creditable Coverage Notice to Medicare-Eligible Employees	TPA/Broker	Any Company Offering a Health Insurance Plan	https://www.cms.gov/Medicare/Prescription-Drug-Coverage/CreditableCoverage
October 2 through December 1	401(k) Safe Harbor notices must be sent to employees within a reasonable period before the beginning of the plan year	HR	Applicable only to companies offering a 401(k) safe harbor contributions	https://www.irs.gov/retirement-plans/plan-sponsor/401k-plan-overview
November	EEO-5 Report	HR	EEO-5 Report, formally known as the Elementary-Secondary Staff Information Report, is a biennial data collection typically conducted every other year in the even-numbered calendar years from all public elementary and secondary school systems and districts with 100 or more employees in the United States.	https://www.eeoc.gov/data/eeo-data-collections
January 1st, 2025	Corporate Transparency Act Beneficial Ownership Information Report with FinCEN	Compliance	Any employer not qualifying for an exemption: Large Employer as defined by the CTA; Non-Profit, Political Organizations, and certain Tax-Exempt Trusts; Public Companies, Banks, Insurance Companies, Registered Investment Companies & Advisors; and certain other entities already subject to regulatory oversight; Subsidiaries whole owned by an exempt entity.	https://www.fincen.gov/boi
25-Jan-25	2024 EEO-4 Online Filing	HR	State and Local Governments with 100 or more employees.	https://www.eeocdata.org/
Annually - Last day of the current plan year	Non Discrimination Testing	HR	Plans governed by Section 125, which includes a flexible spending account (FSA). Section 125, testing is also required for health reimbursement arrangements (HRAs) and self-insured medical plans (SIMPs).	https://www.irs.gov/pub/irs-tege/epch702.pdf
Annually	Review and Update Employment Posters	HR	Statutes and regulations enforced by the U.S. Department of Labor (DOL) require that notices be provided to employees and/or posted in the workplace.	Federal Poster Requirements https://www.dol.gov/general/topics/postersState https://www.michigan.gov/leo/bureaus-agencies/uia/tools/publications/uia-list-of-required-employee-posters
Annually	Review and Update Employee Handbook	HR	Confirm all new statutes and regulations are included in updated handbook	
Annually	Update Tax Forms / Verify I-9 Form	HR	All	

General HR Compliance Date Reminders				
Common Tasks				
Employee - 1st day of Work - Section 1 Employer - Complete Section 2 within three business days after the employee's first day of employment.	I-9 Reporting	HR	All Employers	https://www.uscis.gov/i-9#:~:text=Both%20employees%20and%20employers%20(or%20of%20identity%20and%20employment%20authorization.
Within 14 days of hire	New Hire Notices		Send notices to employees within 14 days of hire: The notice must be written, and include details about the Health Insurance Marketplace. You must also provide a Summary of Benefits and Coverage and Notice of Plan Changes.	https://www.dol.gov/sites/dolgov/files/ebsa/laws-and-regulations/laws/affordable-care-act/for-employers-and-advisers/model-notice-for-employers-who-offer-a-health-plan-to-some-or-all-employees.pdf
Within 20 days of Hire	Michigan New Hire Reporting	HR	All employers must report every employee within 20 days of hire - Employers must report all employees, including seasonal and temporary, rehired workers and returning after a period of absence must be rereported, report independent contractors by providing SSN or copy of W-9.	https://www.mi-newhire.com/downloads/MI_BROCHURE_2019.pdf
Within the first 90 days of Coverage	Cobra General Notice	HR	Employers that had at least 20 employees on more than 50 percent of its typical business days in the previous calendar year.	https://www.dol.gov/agencies/ebsa/laws-and-regulations/laws/cobra
Within 14 Days of Notice of Qualifying Event	Cobra Notices - Within 14 days of Notice of Qualifying Event, the Plan must provide the qualified beneficiaries with an election notice within 14 days. The election notice describes their rights to continuation coverage and how to make an election.	HR	Employers that had at least 20 employees on more than 50 percent of its typical business days in the previous calendar year.	 https://www.dol.gov/agencies/ebsa/laws-and-regulations/laws/cobra
60 Days of Qualifying Event	Cobra Election Procedures	HR	Plans must give each qualified beneficiary at least 60 days to choose whether or not to elect COBRA coverage, beginning from the date the election notice is provided, or the date the qualified beneficiary would otherwise lose coverage under the group health plan due to the qualifying event, whichever is later	https://www.dol.gov/sites/dolgov/files/ebsa/about-ebsa/our-activities/resource-center/publications/an-employers-guide-to-group-health-continuation-coverage-under-cobra.pdf
Within 5 days of request	Provide FMLA Rights and Responsibilities + any request for Certification	HR	Government agency (state, local, or federal) A public or private school (elementary or secondary) A private-sector employer with at least 50 employees.	https://www.dol.gov/sites/dolgov/files/WHD/legacy/files/e-employerguide.pdf
Within 5 days of Designation	Provide FMLA Designation Form	HaR	Government agency (state, local, or federal) A public or private school (elementary or secondary) A private-sector employer with at least 50 employees.	https://www.dol.gov/sites/dolgov/files/WHD/legacy/files/e-employerguide.pdf

