Northern Michigan Regional Entity

Board Meeting

May 24, 2023

1999 Walden Drive, Gaylord

10:00AM

Agenda

		Page Numbers
1.	Call to Order	
2.	Roll Call	
3.	Pledge of Allegiance	
4.	Acknowledgement of Conflict of Interest	
5.	Approval of Agenda	
6.	Approval of Past Minutes – February 22, 2023	Pages 2 – 8
7.	Correspondence	Pages 9 – 49
8.	Announcements	
9.	Public Comments	
10.	Reports	
	a. Executive Committee Report – Did not meet	
	c. CEO's Report – May 2023	Page 50
	d. Financial Report – March 2023	Pages 51 – 72
	c. Operations Committee Report – May 17th meeting	Pages 73 – 76
	e. NMRE SUD Oversight Board Report – The next meeting is July 10th	
11.	New Business	
	a. House Bills 4576 and 4577 of 2023	
12.	Old Business	
	a. Grand Traverse County and Northern Lakes	
13.	Presentation/Discussion	
	NMRE FY22 Financial Audit – Derek Miller, Roslund, Prestage & Company	Pages 77 – 82
14.	Comments	
	a. Board	
	b. Staff/CMHSP CEOs	
	c. Public	
15.	Next Meeting Date – June 28, 2023 at 10:00AM	
16.	Adjourn	

Join Microsoft Teams Meeting

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Conference ID: 497 719 399#

NORTHERN MICHIGAN REGIONAL ENTITY
BOARD OF DIRECTORS MEETING
10:00AM – APRIL 26, 2023
GAYLORD BOARDROOM

ATTENDEES:	**Kate Dahlstrom, Ed Ginop, Gary Klacking, Eric Lawson, Mary Marois, Michael Newman, Gary Nowak, Jay O'Farrell, Karla Sherman, Don Smeltzer, Don Tanner, Chuck Varner**
ABSENT:	**Terry Larson, Richard Schmidt**
NMRE/CMHSP STAFF:	**Brian Babbitt, Jodie Balhorn, Amy Christie, Eric Kurtz, Brian Martinus, Nena Sork, Teresa Tokarczyk, Deanna Yockey, Carol Balousek, Lisa Hartley**
PUBLIC:	**Dave Freedman, Donna Hardies, Amy Horstman, Susan Pulaski, 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 Terry Larson and Richard Schmidt were excused from the meeting on this date; all NMRE Board Members were in attendance.

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 26, 2023; SUPPORT BY GARY KLACKING. 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 22, 2023 MEETING OF THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS; SUPPORT BY KATE DAHLSTROM. MOTION CARRIED.

CORRESPONDENCE
1) The minutes from the March 7, 2023PIHP CEO meeting.

2) The minutes from the April 6, 2023 MDHHS PIHP CEO meeting.
3) Document from the Community Mental Health Association of Michigan (CMHAM) dated March 2023 titled "Concerns Relative to the March 23 MDHHS-Proposed Conflict-Free Access and Planning Options."
4) Press release from MDHHS dated March 23, 2023 announcing the launch of the Electronic Visit Verification (EVV) System in Michigan.
5) Press release from MDHHS dated April 2, 2023 announcing the expansion of dental benefits for Medicaid beneficiaries.
6) MDHHS Service Delivery Transformation Section Update for April 2023.
7) Letter from Jackie Sproat (MDHHS) to NMRE CEO, Eric Kurtz, dated April 3. 2023 accepting the NMRE's FY23 Risk Management Strategy.
8) Letter from Roslund Prestage and Company dated April 19, 2023 to the NMRE Governing Board members extending the opportunity for them to share with RPC any concerns they 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 them to ask any questions they have regarding the FY22 compliance audit.
9) Rough projections of Capitation Populations and Funding by Month using pre-PHE Populations supplied by CMHAM.
10) Save the Date for the Caro Psychiatric Hospital Open House Celebration on June 5, 2023 at 10:00AM.
11) The draft minutes of the April 12, 2023 regional Finance Committee meeting.

Mr. Kurtz drew attention to the press release issued by the Department announcing the launch of the EVV system. The EVV system is intended to ensure beneficiaries are receiving in-home services as planned and authorized and improve the accuracy of payments for services provided. Michigan is required to implement EVV for all Medicaid personal care services and home health services that require an in-home visit by a provider. MDHHS has contracted with HHAeXchange to create the EVV system.

The announcement from MDHHS on April 3rd regarding the expansion of dental benefits for Medicaid beneficiaries was referenced; this will likely help keep beneficiaries enrolled in traditional Medicaid.

The rough projections of capitation populations and funding by month using pre-Public Health Emergency (PHE)/COVID populations were reviewed. The cumulative loss for the months June through September could reach $42.7M statewide.

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

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

Executive Committee Report
Let the record show that the NMRE Executive Committee met on April 20, 2023.

A legal opinion obtained from Steve Burnham dated April 6, 2023 was included in the meeting materials.

Mr. Burnham concluded that, because its role is to "advise and recommend," the NMRE Substance Use Disorder (SUD) Oversight Committee is not subject to the Open Meetings Act (OMA). Based on this opinion, NMRE SUD Oversight Committee Members will be able to fully participate (vote) in meetings if they attend by remote means. Mr. Kurtz stressed that the NMRE still intends for SUD Oversight Committee meetings to be open to the public with meeting times, agenda, and minutes posted to the NMRE.org website.

The Executive Committee reviewed the former SUD Oversight Board "Bylaws" and revised the wording to clarify that the NMRE SUD Oversight Committee acts as a sub-committee of the NMRE Governing Board; the document was retitled "Northern Michigan Regional Entity Substance Use Disorder Oversight Committee Operating Procedures" and was distributed to Board members during the meeting. Clarification was made that the document has been reviewed by Mr. Burnham, who found no issues.

Pursuant to the "Operating Procedures" the NMRE SUD Oversight Committee officers will be members of, and appointed by, the NMRE Governing Board.

If there is cause for an NMRE SUD Oversight Committee member be removed, the SUD Oversight Committee Chair will communicate the need to the NMRE Board Chair; the NMRE Board Chair will communicate with the County.

It was noted that the frequency of meetings could be reduced from every other month (6) to quarterly (4).

MOTION BY KARLA SHERMAN TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY SUBSTANCE USE DISORDER OVERSIGHT COMMITTEE OPERATING PROCEDURES AS PRESENTED AND REVIEWED ON THIS DATE; SUPPORT BY MARY MAROIS. ROLL CALL VOTE.

"Yea" Vote:	K. Dahlstrom, E. Ginop, G. Klacking, E. Lawson, M. Marois, M. Newman, G. Nowak, J. O'Farrell, R. Schmidt, K. Sherman, D. Tanner, C. Varner
"Nay" Votes:	Nil

MOTION CARRIED.

MOTION BY GARY NOWAK TO APPOINT RICHARD SCHMIDT CHAIR AND JAY O'FARRELL VICE-CHAIR OF THE NORTHERN MICHIGAN REGIONAL ENTITY SUBSTANCE USE DISORDER OVERSIGHT COMMITTEE; SUPPORT BY KARLA SHERMAN. MOTION CARRIED.

MOTION BY GARY NOWAK TO ESTABLISH THAT THE CHAIR AND VICE-CHAIR OF THE NORTHERN MICHIGAN REGIONAL ENTITY SUBSTANCE USE DISORDER OVERSIGHT COMMITTEE WILL SERVE A TERM OF ONE YEAR; SUPPORT BY KATE DAHLSTROM. MOTION CARRIED.

A group of NMRE staff met on April 19th to review and update the liquor tax process. NMRE has learned that, in the UP, the county submits the liquor tax application (rather than the Provider). This is something being considered to ensure that counties support PA2 initiatives and monitor fund balances. A revision to the NMRE Liquor Tax Request Policy and Procedure will be presented to the NMRE Board soon.

Ms. Dahlstrom asked whether there has been any discussion about the PIHPs getting any of the marihuana tax funds. Mr. Kurtz responded that marihuana tax funds are distributed to municipalities and counties. State law outlines how much is distributed from the Marihuana Regulation fund. Aside from the funds distributed to municipalities and counties, additional funding is sent to the School Aid Fund and the Michigan Transportation Fund.

Ms. Dahlstrom referred to the April 2023 update on the MDHHS Service Delivery Transformation Section. She inquired about the efforts to Promote the Integration of Physical and Behavioral Health Care (PIPBHC). Clarification was made that the PIPBHC is a five-year Substance Abuse and Mental Health Services (SAMHSA) grant that seeks to improve the overall wellness and physical health status for adults with SMI or children with an SED. Integrated services must be provided between a community mental health center (CMH) and a federally qualified health center (FQHC). It was noted that some FQHCs are declining to participate. Mr. Kurtz added that he believed Northern Lakes received the SAMHSA grant several years ago but was not certain.

CEO Report

The NMRE CEO Monthly Report for April 2023 was included in the materials for the meeting on this date. Mr. Kurtz drew attention to his presentation to the Leelanau County Board of Commissioners on April 11th regarding PA2 funding. It was noted that counties need to be provided some education about local match.

February 2023 Financial Report

- Net Position showed net surplus Medicaid and HMP of $4,136,233. Budget stabilization was reported as $16,369,542. The total Medicaid and HMP Current Year Surplus was reported as $20,505,775. Medicaid and HMP combined ISF was reported as $16,369,542; the total Medicaid and HMP net surplus, including carry forward and ISF was reported as $36,875,317.
- Traditional Medicaid showed $82,518,695 in revenue, and $80,370,514 in expenses, resulting in a net surplus of $2,148,181. Medicaid ISF was reported as $9,306,578 based on the current FSR. Medicaid Savings was reported as $7,742,649.
- Healthy Michigan Plan showed $14,542,394 in revenue, and $12,554,342 in expenses, resulting in a net surplus of $1,988,052. HMP ISF was reported as $7,062,964 based on the current FSR. HMP savings was reported as $8,626,893.
- Health Home showed $908,630 in revenue, and $747,784 in expenses, resulting in a net surplus of $160,846.
- SUD showed all funding source revenue of $12,179,321, and $10,591,204 in expenses, resulting in a net surplus of $1,588,117. Total PA2 funds were reported as $5,001,798.

Ms. Yockey reported that a decline in revenue is expected June through September due to Medicaid redeterminations. Despite that, a lapse is anticipated for FY23. A rate adjustment is possible in September, which would be retroactive to July 1, 2023.

Liquor tax/PA2 funds have been approved for FY23 in the amount of $2,720,209. Of that, $652,083 has been billed through February.

It was noted that the deficits reported for traditional Medicaid for three of the five CMHSPs are a result of benefit stabilization initiatives and will be offset by surplus Healthy Michigan and each Boards' allocation of carry-forward funds.

MOTION BY GARY NOWAK TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY MONTHLY FINANCIAL REPORT FOR FEBRUARY 2023; SUPPORT BY KATE DAHLSTROM. MOTION CARRIED.

Operations Committee Report
The minutes from April 18, 2023 were included in the materials for the meeting on this date.

Ms. Dahlstrom referenced discussion about SED/IDD youth being left in emergency departments for extended periods. She questioned why hospitals don't modify some ED rooms to make them more comfortable for these situations. Mr. Kurtz responded that hospitals need to take the lead in these efforts. It was noted that the state is considering having PIHPs/CMHSPs pay for ED stays when no beds are available to place people in need of hospitalization. Mr. Kurtz added that this solution will not address the issue.

MDHHS has announced the location of a new inpatient psychiatric hospital located at the current site of the Hawthorn Center in Northville. The new hospital will care for patients currently served at both Hawthorn Center and Walter Reuther Psychiatric Hospital in Westland. During construction of the new facility, patients currently being cared for at Hawthorn Center will be moved to a separate unit at Walter Reuther. Construction is expected to begin this fall and anticipated completion is in 2026.

NMRE SUD Oversight Board Report
Let the record show that the next SUD Oversight Board meeting is scheduled for July 10, 2023 at 10:00AM.

NEW BUSINESS
Jefferson Wells
A proposal from an independent, third-party (Jefferson Wells) to conduct Medicaid Encounter Verification audits was included in the meeting materials. The cost for these services was provided based on the number of claims reviewed. The NMRE will likely fall in the middle range. Mr. Kurtz would like to begin with a one-year engagement.

Number of Claims (all lines)	Fee Estimates
500	$32,000 – $40,000
1,000	$40,000 – $55,000
2,000	$80,000 – $95,000

MOTION BY JAY O'FARRELL TO APPROVE A ONE-YEAR CONTRACT WITH JEFFERSON WELLS FOR MEDICAID ENCOUNTER VERIFICATION SERVICES IN AN AMOUNT NOT TO EXCEED FIFTY-FIVE THOUSAND DOLLARS ($55,000.00); SUPPORT BY MARY MAROIS. ROLL CALL VOTE.

"Yea" Vote: K. Dahlstrom, E. Ginop, G. Klacking, E. Lawson, M. Marois, M. Newman, G. Nowak, J. O'Farrell, R. Schmidt, K. Sherman, D. Tanner, C. Varner

"Nay" Votes: Nil

MOTION CARRIED.

OLD BUSINESS

Grand Traverse County and Northern Lakes CMHA

Mr. Kurtz reported that the revised enabling agreement is making its way through the County Commissions. Voting should conclude on May 9th.

NMRE SUD Oversight Committee Operating Procedures

Let the record show that this topic was discussed under the Executive Committee report.

PRESENTATION

PhotoVoice

Amy Horstman and Ellen Templeton from the Health Department of Northwest Michigan were in attendance to present on the Drug-Free Northern Michigan (DFNM) 21-County Alliance PhotoVoice Project. Each of the prevention coalitions in the 21-country region were asked to recruit at least one youth to participate in the "Youth Speak: A Vaping Prevention PhotoVoice Project." In PhotoVoice, participants take photographs and provide narratives to translate their experiences. For this project, participants were asked to respond to the following framing questions:

1) What influences youth to start vaping?
2) What keeps youth from vaping?
3) How does youth vaping impact your community?

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

Mr. Smeltzer complimented Ms. Horstman and Ms. Templeton on their efforts.

It was noted that MiPHY data shows youth vaping at approximately 20%.

COMMENTS

Board Members

- Ms. Dahlstrom distributed an article by Sarah Spohn from FlintSide dated January 11, 2023 titled, "Genesee Health System's New Facility Showcases Commitment to Flint Youths' Mental Health." The Center for Children's Integrated Services combined all kids' programs into one building; the Center is also a federally qualified health center which provides primary care.

  Ms. Dahlstrom discussed the efforts undertaken by the Northern MI Community Health Innovations Region (CHIR) to develop a mental health facility that would include both crisis stabilization beds, short-term residential beds, and access to follow-up care for both adults and children in the Grand Traverse region.

Mr. Kurtz noted that the NMRE will be issuing a Request for Proposals (RFP) to attempt to develop a children's Crisis Residential Unit (CRU) in the 21-county region. Mr. Kurtz noted that similar facilities for adults are having a very difficult time recruiting and maintaining staff.

- Ms. Marois thanked the Executive Committee for their recommendations related to the NMRE Substance Use Disorder Oversight Committee.

Staff/CMHSP CEOs
It was reported that 130 individuals are registered for the NMRE Substance Use Disorder Day of Recovery Education being held at Treetops Resort on May 8th.

Public
Ms. Dahlstrom read a statement from community member Jessica Perez. In her role as a NAMI Navigator, Ms. Perez provides ongoing support to families and individuals during a mental health crisis. Ms. Perez shared her concerns about a recent Northern Lakes case.

NEXT MEETING DATE
The next meeting of the NMRE Board of Directors was scheduled for 10:00AM on May 24, 2023.

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

Regional Entity CEO Group

Jim Johnson	Joseph Sedlock	Bradley Casemore
Vice Chair	Chair	Spokesperson

REGIONAL ENTITY CEO MEETING

Date: Tuesday, April 4, 2023, Time: 12:30 pm – 3:30 pm

DRAFT – Minutes

1. Welcome / Introductions

The meeting was called to order by Joe Sedlock at 12:34pm.

Present via Zoom meeting: Megan Rooney (Reg. 1), Eric Kurtz (Reg. 2), Mary Marlatt-Dumas (Reg. 3), Brad Casemore (Reg. 4), Joe Sedlock (Reg. 5), James Colaianne (Reg. 6), Eric Doeh (Reg. 7), Adam Jenovai in for Dana Lasenby (Reg. 8), Jim Johnson (Reg. 10).

Absent: Dave Pankotai (Reg. 9)

Guests (selected/applicable portions): None

CMHA Staff: Monique Francis

2. Agenda Changes / Previous Minutes Approval

Additions/changes to the agenda: None. Group discussed whether they would like to join the 2pm CFAP meeting. **Group** agreed by consensus to join the CFAP meeting from 2pm-3pm. Bob Sheehan will join at 3:00pm. **Group** agreed by consensus to accept the agenda with additions/changes for April 4, 2023 and approve the minutes from March 7, 2023.

Priority/Action Items

3. Scheduling Matters (All)

- June 6 meeting conflicts with CMHAM Summer Conference
  Group discussed and agreed that the June meeting would be kept, and a scribe will be found to replace Monique as she will be working at the CMHA Conference. Keep on May agenda to confirm.
- July meeting is scheduled to take place on the July 4th Holiday
  Group discussed and agreed that the July meeting will be cancelled.

4. Review of Liaison List for any adjustments (Brad/All)

Group reviewed this list. James will provide Michelle Sucharski's info for CIO Forum group. Transformation Steering Committee will be removed from list. Monique will update the CMHA Board and Steering Committee information. Tim will be removed from the CMHA Board, and James Colaianne will be updated. Contract Negotiating Team – Brad will provide updated phone number. Provider Reciprocity – change from Brad C. to Eric Kurtz. Brad spoke about PIHP Clinical Director's. Brad asked that contact information be sent to Monique from each PIHP. UM person needs to be identified, whether it is one or two. Joe clarified that the UM group will nominate their own leadership and provide to CEOs for the liaison list. After that is provided, the CEOs will identify a liaison. Joe asked the group if Clinical Directors should have a forum created to discuss issues and report back to CEOs. He suggested a charter with scope, span, time commitment, etc. be developed for the creation of such a group. Group then discussed what the difference would be between the UM group and the Clinical Directors group. Group agreed to keep 'possible development of Clinical Directors group' on the agenda for next month to discuss and review a possible charter. Brad will have one of his staff work on that charter document and bring it to the next meeting to compare likenesses and differences of those 2 groups. Row will be added for PIHP Clinical Directors and UM Workgroup but left blank until chairs/liaisons are identified.

5. Opioid Advisory Commission Report and Presentation (Brad/Tara King – 1:00pm)

No update. Tara did not join the meeting. Brad will work to see if she can join a subsequent meeting.

6. Conflict Free Access and Planning – Discussion (Joe/All)

The group had no discussion. They will attend the 2pm meeting later today hosted by CMHA.

7. Electronic Visit Verification (Joe/All)

Joe reported that the memo issued by the Department has caused some confusion due to it speaking to the development of a product. He suggested this be added to tomorrow's MDHHS agenda. Group agreed to add.

8. MHP/PIHP Coordinating Agreements (Brad)

Brad reported that there have been multiple people handling this issue. The Department has agreed to remodel their template. Current agreements are still in place until the Department provides a different version.

9. SIS Retirement/Replacement Discussion (Joe/All)

The group discussed next steps that may need to be taken, acknowledging that there may be problems with the timeline being so short for the implementation of the new tool. Eric Doeh agreed that this could be a very real problem for those who don't have the clinical training to understand and implement quickly. Jim Johnson stated that while this may be true administratively, the new tool looks to be much more client friendly for persons served in place of the SIS. Mary suggested that the PIHPs could offer an alternative if ANSA is not used by the Department.

10. OPEN – No agenda items added here.

11. OPEN – No agenda items added here.

12. Michigan Opioid Advisory Commission Updates (Brad)

Brad reported that the OAC report has been released. He has sent a copy to all of the CEOs.

13. Michigan Autism Council Updates (Dana)

Dana did not join the meeting. No update provided.

14. PIHP Contract Negotiations Update (Joe/Brad/Jim)

- Written update provided in packet – Next meeting is 5/26/2023. Joe spoke briefly about the CFAP issue as relates to PIHPs. Brad spoke about PBIP and MIOG briefly. No further discussion.

15. Provider Network Reciprocity (V. Suder/Dana; S. Sircely/Eric K.)

- Inpatient – Joe reviewed a report from Vicki Suder which provided details of the most recent meeting with Raymie Postema. Issues are being discussed and worked on.
- SUD Provider Performance Monitoring Reciprocity – Update provided in packet.

16. Training Reciprocity (A. Dillon/Joe)

- Update attached. Joe reported that Jean Pfantdner has replaced Kym Juntii as the Chair for the STGW.

17. Chief Finance Officers Group Report (R. Carpenter/Jim)

- No Update. Megan gave a brief overview of the most recent meeting which covered needing a ratesetting meeting, forms and templates.

18. SUD Service Directors Group Report (D. Meier/Jim)

- March notes provided in packet. Joe reported that he and Mary Dumas had an informaal discussion with Angie Smith-Butterwick on recent audit issues brought up by the SAPT Directors group.

19. CIO Forum Report (B. Rhue/Brad) – No Update.

20. PIHP Compliance Officers Report (K. Zimmerman/Eric K.) – No Update.

21. PIHP Parity Workgroup – Update/Status (A. Ittner/James) – No Update.

22. Provider Alliance Update (Joe)

- No update. Joe reported that he has been invited to speak at the next Provider Alliance meeting on 4/24/23. He stated that an itemized list was provided to him by them of topics they would like to discuss.

23. Utilization Management Committee (Need Liaison)

Covered under Item 4.

24. Diversion Council Update (Brad)

Brad spoke about the California 1115 Waiver permitting Medicaid services related to incarceration. He said he is following this to see how CMS is treating this. Joe reported that the Department may have released a Medicaid policy allowing for coverage of those incarcerated. Jim Johnson stated that he believes this was for targeted case management was identified for these services – a one-time, fee for service setup.

25. MDHHS/PIHP Operations Meeting Planning (All)

- Next meeting is April 6, 2023.
- Topics to Add to Agenda (if any)
  - EVV (lead will be Joe)
  - SIS removal update/Timeline for implementation (lead will be Joe)
  - FY23 Medicaid Rate Revision and FY24 Rate setting Timetables - MLR (lead will be Brad)

26. CMHA Legislation & Policy Committee (Jim)

- No Update/No Report.

27. CMHA Coordination (B. Sheehan – 3:00pm)

- Meeting adjourned early to join CFAP meeting. No CMHA Update.

OTHER: Mary Dumas spoke briefly about the recent court ruling for LRE. HealthWest and Network180 continue to pursue their lawsuit(s) against LRE. Between the lower rates and ending of the PHE, she is not able to make one lump sum payment to either of these CMHs.

ADD to May Agenda:

1. Possible creation of Clinical Directors group – Review Charter to be created by staff person at SWMBH.
2. Liaison list with corrections/additions discussed during today's meeting.

Meeting adjourned at 1:41pm.
Respectfully Submitted,
Monique Francis, CMHA Committee Clerk

PIHP CEO Meeting
May 4, 2023
9:30 a.m. – 12:00 p.m.
Microsoft Teams Meeting

Contents

Attendees

Pre-Paid Inpatient Health Plans (PIHPs)

Megan Rooney (NorthCare Network)	Region 1
Stacia Chick (Lakeshore Regional Entity)	Region 3
Brad Casemore (Southwest Michigan Behavioral Health)	Region 4
Amanda Ittner (Mid-State Health Network)	Region 5
James Colaianne (CMH Partnership of Southeast Michigan)	Region 6
Eric Doeh (Detroit Wayne Integrated Health Network (DWIHN))	Region 7
Adam Jenovai (Oakland Community Health Network)	Region 8
Jim Johnson (Region 10 PIHP)	Region 10

Michigan Department of Health & Human Services (MDHHS)

Michael Banks
Kelsey Bowen
Audrey Dick
Amy Epkey
Michael Glud
Farah Hanley
Krista Hausermann
Belinda Hawks
Stephanie Heywood
Nicole Hudson
Kristen Jordan
Leah Julian
Alexandra Kruger
Phil Kurdunowicz
Lindsay McLaughlin
Dana Moore
Ashley Seeley
Angie Smith-Butterwick
Barbara Spadafore
Jackie Sproat
Scott Wamsley
June White
Keith White
Jeffery Wieferich
Crystal Williams
Amanda Zabor

Michigan Department of Technology, Management & Budget (MDTMB)

Herve Mukuna

State Budget Update

1. Amy Epkey, Senior Deputy Director of the Financial Operations Administration presented an update on the State Budget. In February 2023, the FY2024 fiscal year budget was released, which covers October 1, 2023, through September 30, 2024.
    a. Recently, the Appropriations Subcommittees in the State House and Senate reported their recommended versions of the budget. Those versions have moved through the full House and Senate appropriations committees, and it is anticipated there will be legislative action in the coming week on the House and Senate floors.

b. There will be work toward consensus on what the overall budget will look like through the legislative process, hopefully present to the Governor before summer.
c. MDHHS has focus areas with priorities surrounding healthcare, workforce, public health preparedness, health access and equity, children and families, and community violence.
d. If PIHPs have any input, they can reach out to Amy Epkey. Her email address is epkeya@michigan.gov.

Electronic Visit Verification Update

1. Barbara Spadafore gave a presentation on the Electronic Visit Verification (EVV), which is a method where home care visits are captured electronically and verified to ensure that Medicaid enrollees are receiving the services and to reduce opportunity for fraud, waste, and abuse.
    a. The presentation included PowerPoint slides. The slides will be sent to the PIHPs.
    b. Items the presentation addressed included EVV Basics, MDHHS Decisions, EVV Solution, EVV Timeline, EVV Governance, and EVV Resources.
    c. A PIHP expressed concerns about the system being able to adapt effectively to the new requirements and be able to handle unique billing issues and enrollee situations.
        i. The State is aware of the concerns and is working with the EVV vendor in terms of what the technology is able to do. There are requirements by CMS that need to be fulfilled, so the decisions, policies, and requirements will be balanced with the CMH requirements.

Public Health Emergency Unwind

1. Nicole Hudson provided information surrounding the Public Health Emergency Unwind.
    a. Awareness letters are being sent for the Medicaid redeterminations that will begin in August 2023.
    b. A phone line is being set up so enrollees can use the phone list to complete their renewal paperwork over the phone.
    c. There will also be a "robocall" to enrollees that are losing their Medicaid benefits to provide high level education on the Health Insurance Marketplace options. There will be an opportunity for the enrollee to press a number to talk to a live person.
    d. More information can be found on the MDHHS website 2023 Benefit Changes (michigan.gov)
    e. Specific renewal timelines are also located on the MDHHS website Eligibility Notification Timeline (michigan.gov)
    f. The stakeholder toolkit can be found on the website Stakeholder Toolkit (michigan.gov).
    g. Nicole's email is hudsonn2@michigan.gov

Children's Bureau Update

1. Lindsay McLaughlin was present to provide an update from the Children's Bureau.
    a. Intensive Crisis Stabilization Services Mobile Response
        i. There were 18 CMHSPs who participated in the first cohort.
        ii. The grants will be continuing in FY2024.
    b. MichiCANS Soft Launch Site Selection
        i. There will be a soft launch of the MichiCANS to test the model to ensure the Bureau is approaching the implementation correctly before launching statewide. Full implementation is expected for FY2025 (October 1, 2024).
        ii. MDHHS needs to identify five (5) pilot sites ideally to test the model. The five (5) sites would be CMHSPs, preferably from varying geographical areas,

and possibly in different PIHPs. A memo was sent to recruit the test sites. Please respond with interest by May 15, 2023.

c. Data Dashboard
    i. There is an internal and external facing data dashboard being developed. MDHHS is collecting baseline data to make sure the appropriate data points are captured. MDHHS will be sharing more information about those specific data points and indicators soon.
    ii. PIHPs and CMHSPs are not on the design teams yet as MDHHS is in the very early phases but input from the PIHPs/CMHSPs will be valuable.
d. Office of the Advocate for Children, Youth, and Families (OACYF)
    i. There are many requests and complaints coming to the State from outside our organization, or from our local DHHS office colleagues. In March 2023, 45 new review requests were received. There are a total of 133 reviews occurring right now.
    ii. OACYF is providing information about the PIHP and CMHSP Customer Service Units to all who inquire at the State level.
    iii. MDHHS will send the PIHPs the descriptions of the youth consultation service teams after this meeting.
e. Capacity Building Center
    i. There is a Capacity Building Center being developed as a hub for providers and families for training around behavioral health service provision for children, youth, and families. This is being built in response to the MichiCANS tool. There will be training, and support offered by MDHHS and the developers of the MichiCANS tool.
        a. A PIHP commented that there have been many conversations about everyone understanding each other's contractual obligations, roles, boundaries, new initiatives, etc. It appears that some folks at MDHHS need more information about the roles of the PIHPs and CMHSPs, especially surrounding the responsibilities of DHHS, foster care workers, and youth services.
        b. A collaborative learning opportunity was discussed with favorable feedback.
f. Workforce Development – Student Loan Repayment Program
    i. Almost $3 million has been distributed so far, with 74% in the CMHSP system and 26% in the school system. There will be monies available in FY2024 for more recruitment and retention.

HCBS Update

1. Belinda Hawks provided HCBS updates.
    a. She indicated that a new EVV Specialist will be joining the Federal Compliance Section within the month.
    b. Within the new Intensive Community Transition Services Section, a new map is being designed to show where additional bed contracts are located and being secured. There will be a website resource unveiled and training and support developed as well. MDHHS would like information from the PIHPs who the lead will be as standard operating procedures, policies, and practices are developed.
    c. The 1915(i) enrollment process is ongoing, and it is expected that all enrollments will be completed by October 1, 2023. Enrollment should be around 50% at this point, but the statewide total is only 18%. A dashboard was shared with the meeting attendees as noted below:

	Region 1 NorthCare	Region 2 NMRE	Region 3 LRE	Region 4 SWMBH	Region 5 MSHN	Region 6 CMHPSM	Region 7 DWIHN	Region 8 OCHN	Region 9 Macomb	Region 10	STATEWIDE TOTALS
PIHP Projected Enrollments April 2023	810	2813	2718	2744	5984	796	14272	3380	4082	2951	**40550**
Point in Time Enrollment (5/2/23)	407	357	1280	576	895	327	1372	876	295	937	**7322**
% of PIHP Projected Enrollments Completed	50%	13%	47%	21%	15%	41%	10%	26%	7%	32%	**18%**

Inpatient Payment Solutions

1. A PIHP expressed concerns about the content and process of the design. Generally, the PIHP thinks that shifting payment for emergency department services to the PIHPs from the MHPs is not a good idea. It is hoped that additional conversations can take place surrounding this issue.
    a. MDHHS has internal workgroup which is being brought back together to discuss the feedback received from the PIHP. The feedback from the PIHP was understood and appreciated.

Targeted Case Management for Incarcerated Persons

1. A PIHP asked about Targeted Case Management for Incarcerated Persons. While the PIHP supports the idea, and looks forward to having it available, there is some clarity needed surrounding the funding mechanism. The policy didn't reference PIHPs being involved, so there is some understanding needed if the PIHPs need to prepare for something.
    a. MDHHS indicated that the proposed policy is still open for public comments, so the questions and concerns should be shared through that public comment process, so it is addressed overall. There is an intent to try to assist folks as they are leaving the jail system. There is a physical health focus, and it is a fee for service model, and it isn't something that's been put into managed care. The CMHSPs were included because MDHHS knew those entities would have a connection to those individuals.
    b. A PIHP asked if the 1115 Waiver has been amended to allow for Medicaid to be utilized in the jails? Currently, the answer is no. MDHHS is still exploring options on 1115 flexibilities.

Strategic Behavioral Health Integration and Coordination Initiatives

1. This update was provided via email before the meeting.

Crisis Services Update

1. This update will be provided via email after the meeting.

Community Mental Health Association of Michigan
DIRECTORS FORUM
April 26-27, 2023

Summary of key discussion topics and decisions

(Note: This summary is supplemented by the handouts distributed, electronically and in hard copy, in advance of, during, and subsequent to the Directors Forum.)

Legislative and policy status report: Alan Bolter discussed a number of legislative issues:

- With the new leadership in the House and Senate, these houses passed and the Governor has signed a number of bills reflecting the priorities of the majority: retirement tax elimination, EITC expansion, expanded Elliot-Larsen, eliminated abortion prohibition, a number of gun safety bills, movement of Democratic Party primary to an earlier date, among other items. Now that these bills have passed, the work of the House and Senate will focus on passing the state budget.
- State facility billing concerns: CMHA staff met with a legislator on the Behavioral Health Subcommittee to address these concerns. This legislator is examining a number of strategies that she could implement with the support of her colleagues.
- SB 28 (Senator Anthony) – restraint and seclusion. CMHA met with the Senator to underscore the fact that this bill would unintentionally restrict the use of sound emergency physical management practices at CSUs and other settings – practices essential to ensuring the health and safety of persons served at those sites. CMHA's discussion with the MDHHS ORR Director helped in fleshing out the support that MDHHS has for sound emergency physical management practices (such as therapeutic interventions and time out). The Senator understands these concerns and appears willing to revise her bill to reflect these concepts.
- CMHA signed onto a letter with MAC and the Michigan Sheriff's Association (MSA) in support of MDHHS submitting a waiver request, to CMS, to allow for the use of Medicaid funds to serve persons in local jails or prisons who are within 90 days of their release.
- The five pillars that will structure the Medicaid Health Plan rebid was included in a recent press release with bids being accepted in the fall of 2023. (This item will be fleshed out further during the 2nd day of the Directors Forum.)
- MDHHS recently announced the expansion of Michigan's CCBHC State Demonstration initiative. CMHA recently announced the development, by CMHA, of a CCBHC application TA center
- MDHHS, in a meeting with CMHA, provided additional detail of the replacement of Hawthorn, the movement of children to a children's unit at Reuther, and a reduction in children's bed capacity (from 60 to 36) during this building period. Eventually, this children's bed capacity is expected to rise. The use of Intensive Crisis Transition Services (ICTS) was cited by MDHHS as an attempt to address this reduction in bed capacity. Directors Forum members echoed the concerns of CMHA staff around an overall bed reduction and the removal of children from the Hawthorn waiting list, without rationale.

- Representative Vanderwall plans to re-introduce the privatization bills introduced by Senator Shirkey during the last legislative session (SB 597 and 598). CMHA is, of course, opposed to these bills.
- It is reported that Senator McBroom is proposing to do away with the five CMHs in the upper peninsula and form a single UP-wide CMH and to form a governing body, on which hospitals and the state's Medicaid Health Plan would sit.

CMHA is hosting a Michigan reception at the National Council. An email invitation was sent to CMHA members who are attending Nat Con with another invitation coming out later this week.

Alan underscored the need for greater efforts to foster PAC contributions, given the number of requests being made by legislators and the dwindling size of the CMH PAC fund.

FY 2024 Budget: The Governor's proposed budget is $1 billion out of balance, given the required reduction the state income tax and the loss of revenue to the state as a result of the elimination of the retirement tax and the expansion of the Earned Income Tax Credit. As a result of this proposed deficit, the Senate and House budget bills reflect changes from the Governor's budget related to this deficit.

Alan reviewed the key points in the Senate and House budget bills (using the written analysis provided to DF members). The House budget is much better for the state's public mental health system than the Senate budget, with the House bill reflecting many of CMHA's advocacy points - putting these bills over $200 million apart.

When these bills, once passed from the House and Senate floors, go to the bi-cameral Conference Committee for final negotiations. Those Conference Committee negotiations are likely to be delayed until the Revenue Estimating Session takes place, on May 18, given that improved revenues, if they are projected during this Session, may improve the ability for some of the added appropriations, contained in these bills, to be retained. The best guess is that the legislature hopes to get the budgets to the Governor, for her signature, between the May 18 Revenue Estimating Session, and the Detroit Chambers' Mackinac Island event during the Memorial Day Weekend.

Mental health-child welfare partnership: Connie Conklin, Livingston CMH CEO, and CMHA staff provided an update on work of CMHA and members to strengthen partnership between the state's public mental health system and child welfare system. She referenced the document, developed by Connie and a team of children's mental health services leaders from across the state, that was used in the recent dialogue of this team and CMHA with MDHHS leadership. This meeting went well with Director Hertel requesting the development of a set of recommendations, by CMHA and its members, around the roles of key parties in the children's foster care and mental health systems. The document, developed in response to this request from Director Hertel, was reviewed during the Directors Forum meeting, and will form the foundation for the upcoming meeting of this children's mental health leadership team, CMHA, and MDHHS leadership.

The issues with children in CCIs having mental health needs that are not being served by the CCIs (as required by the MDHHS contracts with the state's CCIs), leading to these children ending up in local Emergency Departments looking for unnecessary psychiatric inpatient care.

The need for child welfare staff and the state ombudspersons office to refrain from attacking CMHs and making unrealistic demands on CMHs was reinforced.

Additionally, when the state Children's Ombudspersons office becomes involved in an issue, they often fail to understand the complex needs of the child in question, the past work of CMHs with those children, and the roles of each party in the local service delivery system.

Discussion of work of CMHA and members designed to thwart threats to the system:
Targeted Casemanagement policy: CMHA urged DF members to send their comments and concerns, using the CMHA analysis, if helpful, for information that they may want to reference in their comments.

SCA – alone and with CCBHC: The work that CMHA members and CMHA to halt and revise the broader SCA effort was described, with CMHA's continued advocacy around this effort to be pursued in the coming weeks. It was underscored and celebrated that MDHHS agreed to not apply the SCA concepts and constructs to the state's CCBHC system.

Conflict Free Access and Planning (CFAP): CMHA staff described the advocacy being done to halt the CFAP effort, including the set of concerns and recommendations developed by CMHA members and the soon-to-be-received legal opinion from the Washington DC firm of Feldesman Tucker regarding the Michigan's CFAP proposals.

Dual Eligibles Special Needs Plan: The fact that MDHHS has decided to pursue a Highly Integrated Dual Eligibles (HIDE), which retains the behavioral health carve out, was celebrated.

CMHA's CEO Consultation Clearinghouse: Uswa Memon, Policy Analyst at CMHA, provided an overview of the CEO Consultation Clearinghouse (CCC) recently developed by CMHA, in partnership with a number of CEOs from within CMHA membership. The CCC consultation catalog was send to CMHA member CEOs, earlier this week, for their use in drawing on the brain trust found throughout the CMHA membership.

Mi Kids Now Mobile Crisis Response for Children: CMHA indicated that MDHHS is considering a second cohort RFP for CMHs wishing to be a part of the MKN Mobile Crisis Response initiative and, as part of this effort, MDHHS has asked CMHA to gauge the interest of CMHs in participating in this second cohort. The discussion centered around the flexibility being provided the current participants in this effort, with the likelihood that this flexibility will make it possible for rural CMHs to apply to become a part this pilot.

Discussion, with MDHHS leadership, of a range of policy, practice, and statutory issues

MDHHS plans around Medicaid health plan bid out – *Farah Hanley* indicated that the Department is building the rebid around 5 pillars, posted on the MDHHS Medicaid Health Plan rebid webpage (MiHealthyLife) with the RFP to be issued in the fall of 2023. The aim of the rebid is to support a healthcare system rather than an illness-care system. MDHHS has engaged the consulting firm, Manatt, to guide MDHHS in the development of this RFP. Health equity is one of the 5 pillars, given the disparity of health outcomes for Michiganders of color. The Department could not indicate whether a carve-in/privatization approach will be a part of the rebid. (Note, based on this response, CMHA will continue to advocate against the carve-in

PRTF and ICTS – *Jeff Wieferich, Kristen Jordan, Farah Hanley, Belinda Hawks, and Alex Kruger* provided an overview of these two efforts. Alex Kruger, the newly hired Intensive Crisis Transition Services (ICTS) was introduced. This effort builds on the prior community transition initiative (MCTT). Through partnerships with residential providers, including children's residential providers. ICTS is operated out of the State Hospital Administration. The program can take patients coming out of the state hospital, yet not of capacity to provide admission from the community. Beacon, Hope Network, and Turning Leaf are the

providers with Hope being the only children/youth provider. Mostly adults are in the ICTS system, with few if any children/youth. Operating procedures, capacity caps, and maps of ICTS sites will be issued by the Department soon. The legislature funded ICTS for 60 beds – adults and children.

MDHHS is working to fully implement the Psychiatric Residential Treatment Facility (PRTF) Medicaid benefit to serve children and adolescents with mental health needs. PRTF is expanding with a number of community providers, with this new benefit coming on-line soon, with CMS approval expected soon, given preliminary discussions with CMS.

Farah Hanley underscored the impact that the behavioral health workforce shortage on the speed and capacity by which ICTS and PRTF can come on board and the capacity of the state psychiatric hospitals. She underscored the openness of the Department to any ideas that our system has to offer to expand capacity.

MDHHS efforts to address behavioral health workforce shortage, efforts to reduce administrative burden – *Farah Hanley* indicated that MDHHS is taking the behavioral health workforce shortage – across all of the disciplines and classifications - seriously. Al Jansen, Meghan Groen, Farah Hanley, and Lisa Grost are leading a number of action teams to address this shortage. A number of initiatives have been implemented (MKN loan repayment for 146 people at this point; support cohort enrollment and graduation for psychiatric residencies, increased 20% wage increase for psychiatrists and nurses in the state psychiatric hospitals, HMA study in DCW shortage, DCW wage increase in Governor's FY 24 budget proposal, the recently adopted Medicaid policy allowing the use of Medicaid funds for MSW degree holders who are awaiting the completion of the required hours of post-graduate work.

The recent prohibition against supervisors participating in the loan repayment program was underscored as a concern, given that there is a significant gap in the clinical supervisor workforce.

It was recommended that the DCW wage increase be done via a wage floor rather than an hourly rate add on. The need to address wage compression, where supervisor wages are not increasing when direct care worker wages increase, and the need to fund fringe benefit improvements for direct care workers were raised.

CMHA will send the LMSW and LBSW alternate credentialing proposal, developed by the graduate schools of social work, NASW Michigan, and CMHA, to Farah Hanley and her team. MDHHS and CMHA agreed to work together to move this effort forward.

A number of efforts, implemented by CMHA members, to fill the clinician pipeline, including tuition reimbursement, rural BSW/MSW program development, and other initiatives to close the behavioral health clinician workforce gap.

MIKids Now (MKN) initiative – *Lindsay McLaughlin* provided an overview of the MKN effort around several components:

- Mobile crisis response for children: 18 CMHSPs are involved in cohort 1; a second cohort may be started in the fall of 2023, with a May application date expected. The learning community of the cohort 1 members is being used to support the development of these mobile crisis response initiatives A survey of youth and families is being developed, jointly by MDHHS and the Association for Children's Mental Health (ACMH), for use after the deployment of each encounter by a mobile crisis response team.
- It was pointed out that flexibility around the use of telehealth modalities and innovative collaborative models (between CMHSPs and ISDs, and others) in children's crisis response systems

- MichiCANS tool will be used for children and youth ages 5 – 16 with other tools being considered for older and younger children. A MichiCANS decision-support model and user handbook is being developed. MDHHS is developing a soft launch for MichiCANS, with a number of CMHSPs who are still being recruited. The soft launch sites are projected to be identified by early May. In July - August the soft launch sites will be working to integrated MichiCANS into their work. During October – December the integration of MichiCANS data into CC360 will be implemented for the soft launch sites. In April 2024, a statewide roll out will start for all CMHSPs with a full state-wide implementation by October 2024. It was underscored that the behavioral health workforce shortage will hinder a full embrace and implementation of MichiCANS.
- By the end of FY 23 $4 million will have been committed for the MKN loan repayment program and $3 million in FY 24.
- MKN will be implementing, in FY 24, a paid internship program for graduate students carrying out their internships at CMSHPs, providers, and a range of other behavioral employers/worksites.

CCBHC state demonstration initiative and efforts toward permanency – *Lindsey Naeyaert* described the recently announced CCBHC State Demonstration expansion. A few questions raised during the recent briefing: open only to CMHSPs, existing sites can expand their service area, this October 2023 opening will not be the only time during which State Demonstration expansion sites will be able to come on board. She reviewed the deadlines contained in the State Demo expansion. The number of CMHSPs that will be added will not be limited, as long as those sites meet the CCBHC State Demo certification criteria.

Plans around use of Opioid Settlement dollars and Opioid Task Force efforts – *Jared Welehodsky* reviewed the slides that was sent to Directors Forum members. MDHHS is conducting a set of stakeholder dialogues around gaps that cannot be met with federal block grant or other funding sources. He indicated that the receipt of the funding, by Michigan, has been delayed, with the first payment arriving in December 2022 and January 2023 – six months after the expected receipt dates. The planned use of the state's share of the Opioid Settlement dollars, outlined in Jared's slides, was reviewed.

The need for MDHHS to guide counties in their use of the opioid settlement dollars was encouraged by Directors Forum members. MDHHS is using its three-university settlement collective to provide webinars for counties on the settlement and the use of these funds (avoiding duplication, applying proven practices, etc.) The Michigan Association of Counties (MAC) has added a position (Amy Dolkey) as has MDHHS; with these positions funded by the Bloomberg Foundation. The counties received their settlement dollars later than the state, making it likely that these funds will be planned for use in FY 2024.

State hospital developments - capacity reduction, new hospitals, Hawthorn move – *Dr. Mellos*: indicated that the staff will move into the new Caro facility, with a 100 bed capacity, in early June with a June 5 open house. With the appropriation for the new Hawthorn site, the current Hawthorn building will be razed during the summer of 2023. During the building period, starting in June 2023, 32 children in Hawthorn will be moved to Reuther (down from the 40 children currently at Hawthorn), which will have both adult and children's units. The Reuther adult capacity will also be reduced to 100, to accommodate the number of children moving from Hawthorn to Reuther. Two floors in Reuther have been refurbished to serve youth (limiting the youth capacity to 32 to 40), with a third floor being refurbished in the coming months to bring Hawthorn's capacity to 60 youth. MDHHS staff underscored that intensive and thorough communication with Hawthorn patients and families will be done around the movement of those patients from Hawthorn to Reuther. When Reuther and Hawthorn are completed, the capacity will be 180 beds – resulting in an additional 30 adult beds and 20 children's beds.

MDHHS plans for Duals Special Needs Plan (DSNP) – *Scott Wamsley* provided an overview of the Duals Special Needs Plan (DSNP) implementation plan and its genesis as a transition from Mi Health Link. Scott's office held a large number of stakeholder discussions on this transition. The initial communication with CMS, in the fall of 2022, was a placeholder transition plan, with the more fully fleshed out plan that reflected the MDHHS decision to pursue a Highly Integrated Dual Enrollee (HIDE) Special Needs Plan. The HIDE effort will be coordinated through Scott's bureau (Aging Services) rather than the Medicaid Managed Care Bureau. A transition leadership team has been built around this transition to oversee procurement, system and policy change, and IT systems. Scott underscored that the HIDE model will retain the carve out of behavioral health services (those managed by the state's PIHPs and CMHSPs). Additional stakeholder dialogue sessions will take place, over the next few months, to guide the design of the HIDE effort.

Status of CSU certification standards and other crisis system efforts, improving access to inpatient psychiatric care – *Krista Hausermann,* who had to leave the meeting (as it ran over its planned time slot), indicated that the April update on the state's build out of the crisis response system provides a comprehensive picture of work on this front. This report was contained in a recent edition of CMHA's Weekly Update.

Briefing on recent judge's decision in the court case involving the Lakeshore Regional Entity and MDHHS: Mary Dumas, Lakeshore CEO, described the recent court decision that agreed with Lakeshore's contention that Lakeshore could use its own funds, in Internal Service Funds, Medicaid savings, and the current year's revenue to make whole the CMH members of Lakeshore. Given this ruling, Lakeshore is determining how and when it will make payments to its CMH members for the deficits incurred by them in FY 2018 and 2019.

The MDHHS-PIHP contract for FY 24 has been modified to prohibit a PIHP's past years' deficits or the past years' deficits of a PIHP's member CMHSPs to be covered with funds received by the PIHP after the years in which the deficits were incurred.

Debriefing from the morning's MDHHS discussions or any other issues: Concerns were raised about the: lack of state inpatient beds and the fact that the state's facility replacement plan will reduce the capacity of these hospitals, during the hospital building and renovation period, with very little, if any, additional capacity added to the state's psychiatric hospital system; that PRTFs will be helpful but without changes to physical management restrictions will be unable to take children with behavior issues; that residential providers hesitant to take on the role of PRTFs given these physical management restrictions.

CMHA will raise concerns, with MDHHS, around the need to increase rather than reduce the number of inpatient state psychiatric beds and to take the steps necessary to change statutes and rules that prohibit sound and safe physical management practices.

CMHA will pursue its advocacy against the state's Conflict Free Access and Planning (CFAP) proposals, as outlined earlier in this process. CMHA will also send the CMHA analysis of CFAP to the members of the MDHHS CFAP Workgroup, urging those members to oppose the CFAP efforts of MDHHS.

CMHA agreed to talk with Disability Rights Michigan (DRM) and other plaintiffs attorneys to consider a law suit against the state for having a waiting list for state hospitals and, perhaps, one against local community hospitals for failing to admit persons with complex mental health and behavioral needs when open beds exist. CMHA will also discussing, with the CON office at MDHHS, if there are anti-gouging limits as to what a private hospital can charge and how they must provide access to inpatient psychiatric care.

The Directors Forum members were impressed with the fact that many MDHHS staff attended the Directors Forum, were large in number with many attending in-person and appeared to be open in what they shared and open to ideas shared by Directors Forum members.

Several CMHSPs have agreed to be sites for the MichiCANS soft-start, with the aim, by those CMHSPs, of impacting the design of the MichiCANS system implementation.

Schedule of 2023 Directors Forums

- July 18 – 19, 2023
- September 28-29, 2023

MichiCANS Soft Launch

The Michigan Department of Health and Human Services will be launching the use of the Michigan Child and Adolescent Needs and Strengths (MichiCANS) tool with a limited number of PIHPs and CMHSPs during FY 2024. The soft launch will aid in determining necessary policy and procedural changes prior to formalizing requirements and procedures for full implementation of the MichiCANS tool.

The goal is to include PIHPs and CMHSPs that represent the diversity of Michigan's population on multiple dimensions including race, ethnicity, and geography (urban, rural, frontier, suburban). Participation in the soft launch will be solicited from interested external partners and participants will be selected based on the organizations' ability to meet soft launch guidelines and expectations. Please review the following guidelines and expectations to determine if your organization has the capacity to participate in this voluntary launch of the MichiCANS tool.

Guidelines and Expectations for MichiCANS Soft Launch Participants

- Organizations should have adequate resources and infrastructure to support a commitment to soft launch training and implementation.
    - Training to occur from October – December 2023.
    - Required training includes:
        - TCOM Orientation (3.5 hours) and MichiCANS Overview (3.5 hours): live, virtual; required for certification.
        - Supervision and the MichiCANS- for supervisors (2 hours): live, virtual; pre-requisite - TCOM Orientation and MichiCANS overview.
        - MichiCANS Treatment Planning (1 hour on-demand; certificate of completion required, or one 2–3-hour session live, virtual): pre-requisite - TCOM Orientation and MichiCANS Overview.
        - IT training (1 hour): live, virtual as PCE integration occurs.
    - Implementation January – March 2024, includes:
        - Use of the MichiCANS Screener at the point of access.
        - Use of the MichiCANS Comprehensive.
        - Supervisors to participate in structured meetings with the MichiCANS Leadership Team to discuss the implementation process and address the need for potential tool modifications (cadence TBD).
        - Supervisors to participate in learning communities with The Praed Foundation and MichiCANS Leadership to develop skills with the use of the tool (cadence TBD).
    - April -September 2024:
        - Continued use of Screener and Comprehensive tool.
        - Continued supervisor participation in learning communities.
- Participation will be recognized as a commitment to the use of a MichiCANS Screener and Comprehensive Tool which will be used in tandem with existing assessment tools (e.g., DECA, CAFAS, PECFAS) during the soft launch period.
- PIHP and CMHSP leadership support is required for soft launch involvement.
- Participants must currently use PCE as their Electronic Health Record.

- There is no expectation that the entire staff of an organization will use the tool during the soft launch period; however, it is expected that the appropriate array of staff including those providing access, intake, service planning, and service provision are involved in the soft launch.
- The organization must be able to report MichiCANS data and other data based on specifications.

Next Steps:

- PIHPs and CMHSPs interested in volunteering for soft launch participation will email Lisa Collins, Andrea Bennett, and Dana Graham (contact information found below). Responses are requested by May 15, 2023.
- The Michigan Department of Health and Human Services will select and notify PIHPs and CMHSPs selected to participate in the soft launch.
- The Michigan Department of Health and Human Services will schedule an in-depth informational meeting with those selected.

Please direct any questions to:
Lisa Collins collinsl10@michigan.gov
Andrea Bennett BennettA5@michigan.gov
Dana Graham Grahamd11@michigan.gov

Bureau of Children's Coordinated Health Policy & Supports

DATE: April 26, 2023

TO: Executive Directors of Prepaid Inpatient Health Plans (PIHPs) and Community Mental Health Services Programs (CMHSPs)

FROM: Lindsay McLaughlin, JD/MPH
Bureau of Children's Coordinated Health Policy & Supports

SUBJECT: MichiCANS Soft Launch and Preparation

The Michigan Department of Health and Human Services is seeking volunteers to implement a soft launch of the Michigan Child and Adolescent Needs and Strengths (MichiCANS) tool. The MichiCANS soft launch guidelines are attached to this email.

Please review the document to determine if your Prepaid Inpatient Health Plan (PIHP) or Community Mental Health Service Program (CMSHP) is willing and able to participate in the soft launch of the MichiCANS. If your organization is interested in volunteering as a participant in the soft launch of the MichiCANS, please email the contacts listed on the attached document by May 15, 2023. Please note that CMHSPs must receive approval from PIHPs to participate in the soft launch. Once responses have been received and reviewed, the department will contact selected participants.

In addition to the soft launch, MDHHS is preparing for statewide MichiCANS training. MDHHS staff are requesting each PIHP and CMHSP to provide an estimated number of employees who will require training in the MichiCANS. Please complete and submit the attached survey by May 15, 2023.

The MichiCANS Preparation Survey:
https://www.surveymonkey.com/r/8KXF2PJ

If you have any questions about the soft launch and/or survey, please contact the following MDHHS staff:
Lisa Collins collinsl10@michigan.gov
Andrea Bennett BennettA5@michigan.gov
Dana Graham Grahamd11@michigan.gov

STATE OF MICHIGAN
DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

GRETCHEN WHITMER
GOVERNOR

ELIZABETH HERTEL
DIRECTOR

May 15, 2023

TO: Executive Directors of Prepaid Inpatient Health Plan and Community Mental Health Service Programs

FROM: Lindsay McLaughlin, JD/ MPH *LM*
Director
Bureau of Children's Coordinated Health Policy & Supports

Jeffery L. Wieferich MA, LLP *JW*
Director
Bureau of Specialty Behavioral Health Services

SUBJECT: Impact of the End of the Public Health Emergency on MSA 20-58

The Michigan Department of Health and Human Services (MDHHS) is issuing the following guidance regarding the impact of the end of the federal Public Health Emergency (PHE) on MSA 20-58. MSA 20-58 includes provisions that MDHHS employed pursuant to the flexibilities afforded by federal authorities to attend to the COVID-19 emergency. MSA 20-58 allowed Prepaid Inpatient Health Plans (PIHP) and Community Mental Health Service Programs (CMHSP) to ensure the provision of essential services whilst protecting the health and wellness of beneficiaries and providers. MSA 20-58 can be found on the department's website through the following link:

www.michigan.gov/mdhhs >> Assistance Programs >> Medicaid >> Go to Medicaid >> Providers >> Policy, Letters and Forms >> Approved Policy Bulletins >> 2020 >> MSA 20-58

In MSA 20-58, MDHHS indicated that MSA 20-58 is intended to be time-limited, and MDHHS will notify providers of its termination. The purpose of this memo to outline the process for rescinding the flexibilities in MSA 20-58. MDHHS will issue additional bulletins in the future to formally rescind the provisions in MSA 20-58.

The following table describes the timeline for rescinding the various provisions in MSA 20-58.

Provision	End Date
Telehealth Services	MDHHS has already issued updated policy related to this flexibility. MDHHS issued MMP 23-10 to update program coverage of telemedicine services after the conclusion of the federal COVID-19 PHE.

Provision	End Date
Health Home Encounters	MDHHS has already issued updated policy related to this flexibility. MDHHS issued MMP 23-10 to update program coverage of telemedicine services after the conclusion of the federal COVID-19 PHE.
Person-Centered Plans/Individual Plans of Service (IPOS)	This flexibility will end when the federal COVID-19 PHE declaration ends, and any person-centered plan/IPOS that was complete prior to the end of the PHE must be amended within 30 days of the end of the PHE. MDHHS will issue a policy bulletin to formally rescind this requirement.
Payment to Support Acute Care	This flexibility will end when the federal COVID-19 PHE declaration ends. MDHHS will issue a policy bulletin to formally rescind this requirement.
Appendix K: Waiver Services Limits	This flexibility will end when the Appendix K authority ends, which is six months after the end of the federal COVID-19 PHE declaration. MDHHS will issue a policy bulletin to formally rescind this flexibility.
Appendix K: Service Setting	This flexibility will end when the Appendix K authority ends, which is six months after the end of the federal COVID-19 PHE declaration. MDHHS will issue a policy bulletin to formally rescind this flexibility.
Appendix K: Waiver Provider Qualifications	This flexibility will end when the Appendix K authority ends, which is six months after the end of the federal COVID-19 PHE declaration. MDHHS will issue a policy bulletin to formally rescind this flexibility.
Appendix K: Processes for Level of Care Evaluations or Re-Evaluations	MDHHS will extend annual level of care recertifications due dates that expire during the effective emergency period until 12 months after the original due date, regardless of the end date of the Appendix K. MDHHS will issue a policy bulletin to clarify the process for level of care evaluations.

Provision	End Date
Reassessments, Re-Evaluations, and Prior Authorizations for Specialty Populations Covered by State Plan or the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) Behavioral Health Applied Behavioral Analysis Benefit	MDHHS obtained the authority for this flexibility based on the state 1135 waiver. Because the federal COVID-19 PHE declaration is expiring, MDHHS must rescind this flexibility. MDHHS will issue a policy bulletin to formally rescind this flexibility and give providers guidance for completing reassessments, reevaluations, and prior authorizations.
Behavior Technician (BT) Qualifications	MDHHS issued this flexibility based upon existing state authority, and this flexibility is not impacted by the end of the federal COVID-19 PHE declaration and will not expire automatically at the end of the PHE. MDHHS will issue a policy bulletin to formally rescind this flexibility.
Qualified Behavioral Health Professionals (QBHP) Qualifications	MDHHS issued this flexibility based upon existing state authority, and this flexibility is not impacted by the end of the federal COVID-19 PHE declaration and will not expire automatically at the end of the PHE. MDHHS will issue a policy bulletin to revise the timeline for providers to complete necessary certification to offer QBHPs time to complete the process. QBHPs may continue to practice and provide Medicaid-funded services in the interim.
Institution for Mental Disease (IMD) Services for Beneficiaries with Serious Mental Illness/Serious Emotional Disturbance for 30 Days	This flexibility is based upon the department's 1115 authority and will end 60 days after the end of the federal COVID-19 PHE declaration. MDHHS will issue a policy bulletin to formally rescind this flexibility.

Michigan Department of Health and Human Services
Program Policy Division PO Box 30809
Lansing MI 48909

MDHHS
Michigan Department of Health & Human Services
GRETCHEN WHITMER, GOVERNOR | ELIZABETH HERTEL, DIRECTOR

May 12, 2023

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

Dear Provider:

The purpose of this letter is to provide clarification on Medicaid policy related to the reimbursement of services for children with Intellectual/Developmental Disabilities (IDD) (including children with Autism Spectrum Disorder) who are residing in a Child Caring Institution (CCI). The Michigan Department of Health and Human Services (MDHHS) is clarifying the use of Medicaid reimbursement for these services to (1) ensure access to appropriate treatment and habilitative services and (2) support transitions of children with IDD to less restrictive settings.

A CCI is defined in Public Act 116 of 1973, as amended: "...a childcare facility which is organized for the purpose of receiving minor children for care, maintenance, and supervision, usually on a 24-hour basis, in buildings maintained by the institution for that purpose, and operates throughout the year." The MDHHS Division of Child Welfare Licensing (DCWL) is the licensing agency for CCIs.

Medicaid-funded behavioral health services may be provided to support children with IDD in a CCI that exclusively serves children with IDD when authorized by the respective Prepaid Inpatient Health Plan (PIHP) and Community Mental Health Service Program (CMHSP). Authorization by the PIHP/CMHSP includes special considerations, services, and/or funding arrangements. Enrollment of the CCI provider is the responsibility of the PIHP/CMHSP to ensure providers rendering services adhere to all state and federal regulations including Chapter 7 of Public Act 258 of 1974 and applicable rules and are appropriately credentialed to perform IDD services.

MDHHS is providing the following additional guidance on the use of Medicaid funding for service delivery to children with IDD in a CCI:

- The purpose of the child or youth's admission to a CCI must be for treatment purposes and not placement. The setting must also exclusively serve children with IDD.
- PIHPs may reimburse treatment or rehabilitative services that are specifically authorized for the child or youth if the services are accessed through the Medicaid

State Plan. Examples of services for children with IDD that are accessible through the Medicaid State Plan include (but are not limited to) the following services:

- Assessments
- Behavioral Health Treatment Services/Applied Behavioral Analysis
- Child Therapy
- Community Living Supports
- Family Therapy
- Group Therapy
- Individual Therapy
- Medication Administration
- Medication Review
- Occupational Therapy
- Physical Therapy
- Psychological Testing
- Speech Therapy

- PIHPs cannot use Medicaid funding to reimburse the provision of room and board but may use other funding sources as permissible under state and federal law.
- The provider must collect any payments available from other health insurers including Medicare and private health insurance for services provided to its members in accordance with Section 1902(a)(25) of the Social Security Act and 42 CFR 433 Subpart D and the Michigan Mental Health Code and Public Health Code as applicable.
- The use of restraint and seclusion in a CCI must comply with applicable state and federal laws and regulations. Applicable requirements include (but are not limited to) the following sections of state law and rules:
  - All CCIs
    - Public Act 116 of 1973 as amended, specifically sections 722.112b, 722.112c, 722.112d, and 722.112e
    - Division of Child Welfare Licensing Rules for CCIs, specifically R 400.4158, R 400.4159, R 400.4160, R 400.4161, R 400.4162, and R 400.4163
  - CCIs that are also Children's Therapeutic Group Homes (6 or less beds). The following requirements apply in addition to the requirements outlined above.
    - Public Act 116 of 1973 as amended, specifically section 722.111(1)(h)(ii)

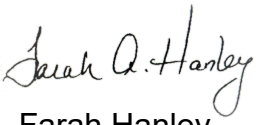
- Admission to a CCI may impact a child or youth's enrollment in the Habilitation Supports Waiver, Children's Waiver Program, or Waiver Program for Children with Serious Emotional Disturbances, or 1915(i). Depending on the duration of a child or youth's stay, the PIHP and its contractors may need to request, via the Waiver Support Application, that the child or youth's status be switched to "Inactivity". PIHPs must use Medicaid funding for services that are specifically authorized through any of the waiver programs or the 1915(i) when the child or youth is residing in a CCI.

- All providers who serve Michigan Medicaid beneficiaries are required to be screened and enrolled in the Community Health Automated Medicaid Processing System (CHAMPS). Information on the provider enrollment process can be accessed through the following link:

  www.michigan.gov/mdhhs >> Doing Business with MDHHS >> Health Care Providers >> Providers >> Medicaid >> Provider Enrollment.

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

Sincerely,



Farah Hanley
Senior Chief Deputy Director for Health

FELDESMAN+TUCKER+LEIFER+FIDELL
1129 20th Street, NW
Suite 400
Washington, DC 20036
T. 202.466.8960
F. 202.293.8103
www.ftlf.com

DRAFT MEMORANDUM
PRIVILEGED & CONFIDENTIAL

TO: Robert Sheehan, CEO
Community Mental Health Association of Michigan (CMHA)

FROM: Adam J. Falcone and Susannah Vance Gopalan

DATE: May 9, 2023

RE: Analysis of Safeguards for Home and Community-Based Services (HCBS) Conflict-Free Access and Planning (CFA&P)

I. Executive Summary

You asked us to analyze the proposed approach of the Michigan Department of Health and Human Services (MDHHS) in reevaluating its policies relating to conflict-free access and planning (CFA&P) in Medicaid home and community-based services (HCBS).

In brief, the CFA&P standards, which were added to the federal Medicaid regulations in 2014, were intended to ensure that conflicts of interest did not compromise the integrity of either decisions concerning individuals' eligibility for HCBS services or decisions about the specific services to be included in an HCBS recipient's person-centered care plan. The basic concept behind CFA&P is that the same individuals/entities who furnish HCBS services should not also make HCBS service eligibility decisions or conduct HCBS person-centered care planning, as those activities might be affected by financial incentives if conducted by an HCBS service provider.

In Michigan, State law centralizes the provision of Medicaid community mental health services in local government entities (community mental health service programs (CMHSPs) and prepaid inpatient health plans (PIHPs) whose leadership is comprised of CMHSP representatives. You explained that MDHHS has, over time, worked with the US Department of Health and Human Services, Centers for Medicare & Medicaid Services (HHS/CMS) on meeting the HCBS CFA&P requirements in the context of this structure, by creating guardrails within CMHSPs' work so that, among other safeguards, the same CMHSP team member is prohibited from both conducting person-centered care planning and furnishing HCBS services. Michigan obtained federal approval of an HCBS State plan amendment that used these principles to meet the CFA&P requirements.

Nonetheless, it appears MDHHS has changed its opinion. MDHHS' current position appears to be that if a CMHSP is furnishing HCBS, then the CFA&P requirements may be met only if the person-centered planning process[1] is not conducted by CMHSP employees.

In our opinion, MDHHS' analysis is incorrect. Further, a prohibition on CMHSP employees providing person-centered care planning, and in particular, delegation of that function to PIHP representatives, would not be any more compliant with the federal regulations than the current (already federally approved) safeguards.

II. Legal Background

A. Federal Law

There are two main mechanisms under federal law for states to offer Medicaid HCBS: under a waiver under Section 1915(c) of the Social Security Act, or under the State plan, pursuant to Section 1915(i). The HCBS CFP&A requirements originate in the Affordable Care Act, which added to the Social Security Act a requirement, in the context of State plan HCBS, that the State Medicaid agency "establish[] standards for the conduct of the independent evaluation and the independent assessment to safeguard against conflicts of interest."[2]

Federal regulations at 42 C.F.R. § 441.301 and 42 C.F.R. § 441.730 implement this requirement not only for State plan HCBS (the HCBS option to which the ACA statutory provision applies), but also for 1915(c) waiver HCBS. The provision in the 1915(c) HCBS regulation states: "Providers of HCBS for the individual, or those who have an interest in or are employed by a provider of HCBS for the individual, must not provide case management or develop the person-centered service plan. . . ."[3]

Nonetheless, the regulation also provides for an exception "when the State demonstrates that the only willing and qualified entity to provide case management and/or develop person-centered service plans in a geographic area also provides HCBS." In this situation, "the State must devise conflict of interest protections including separation of entity and provider functions within provider entities, which must be approved by CMS. Individuals must be provided with a clear and accessible alternative dispute resolution process."[4]

The regulatory provision on State plan HCBS contains a similar, but more detailed, CFA&P provision. Notably, it also incorporates an exception for situations where there is only one qualified entity to conduct person-centered care planning. It states:

---

[1] You explained to us that the evaluation of HCBS eligibility is not at issue; the only issue is whether person-centered care planning may be conducted by an employee of the same CMHSP that provides HCBS services. CMHSP employees do not make HCBS service authorization decisions.
[2] Social Security Act 1915(i)(1)(H)(ii)
[3] 42 C.F.R. § 441.301(c)(1)(vi).
[4] *Id.*

> (b) The State must define conflict of interest standards that ensure the independence of individual and agency agents who conduct (whether as a service or an administrative activity) the independent evaluation of eligibility for State plan HCBS, who are responsible for the independent assessment of need for HCBS, or who are responsible for the development of the service plan. The conflict of interest standards apply to all individuals and entities, public or private. At a minimum, these agents must not be any of the following:
>
> (1) Related by blood or marriage to the individual, or to any paid caregiver of the individual.
>
> (2) Financially responsible for the individual.
>
> (3) Empowered to make financial or health-related decisions on behalf of the individual.
>
> (4) Holding financial interest, as defined in § 411.354 of this chapter, in any entity that is paid to provide care for the individual.
>
> (5) Providers of State plan HCBS for the individual, or those who have an interest in or are employed by a provider of State plan HCBS for the individual, except when the State demonstrates that the only willing and qualified agent to perform independent assessments and develop person-centered service plans in a geographic area also provides HCBS, and the State devises conflict of interest protections including separation of agent and provider functions within provider entities, which are described in the State plan for medical assistance and approved by the Secretary, and individuals are provided with a clear and accessible alternative dispute resolution process.[5]

The regulatory preamble to the 2014 regulation containing both provisions emphasizes that the exception from the CFA&P requirement applies only to the provision of person-centered care planning (not to the determination of eligibility for the HCBS benefit), and notes that "in certain circumstances, we [CMS] may require that states develop 'firewall' policies, separating staff that perform assessments and develop person-centered service plans from those that provide any of the services in the plan; and meaningful and accessible procedures for individuals and representatives to appeal to the State."[6]

[5] 42 C.F.R. § 431.730(b). Please note that the definition of "financial interest" in the regulations is derived from the Stark Law regulations.

[6] CMS, Medicaid Program; State Plan Home and Community-Based Services, 79 Fed. Reg. 2948, 2999 (Jan. 16, 2014).

B. State Law and Policy

Under Chapter 7 of Michigan's Mental Health Code, the community mental health system is closely linked with units of local government. Specifically, community mental health services programs (CMHSPs), which are public entities (either official county agencies or regional mental health authorities) provide the direct HCBS services included in each beneficiary's person-centered service plan. Further, CMHSPs are assigned the responsibility of "ensur[ing] that a person-centered planning process is used to develop a written individual plan of services in partnership with the recipient."[7]

Prepaid inpatient health plans (PIHPs), which are organized on a regional basis, and whose leadership is comprised of appointees from the CMHSPs in that region, perform some eligibility determinations for HCBS and some care planning activities. The PIHPs receive risk-based capitation payments for providing for the scope of covered services. Further, the State's contracts with the PIHPs contain numerous protections ensuring that federal Medicaid requirements are met, including requirements relating to CFA&P.

Michigan has implemented numerous HCBS options in its Medicaid program, using both the State plan option (under Section 1915(i) of the Social Security Act) and the waiver option under Section 1915(c).

Recently, Michigan obtained approval of a 1915(i) HCBS State plan amendment (SPA), which included an approach to CFA&P premised on the exception in the federal regulation. Specifically, the SPA first notes that PIHP representatives perform the needs assessment that supports the determination whether an individual is entitled to HCBS. Second, the SPA notes that the State's contract with the PIHPs "assures the provider responsible for the independent HCBS needs assessment [is] separate from the case manager/supports coordinator providers responsible for the development of the IPOS." Further, "[i]f the individual/family or authorized representative(s) prefer an independent facilitator to assist them, the PIHP Customer Service Unit maintains a list of person-centered planning (PCP) independent facilitators."[8]

III. Analysis of MDHHS' Position

We understand MDHHS' position to be that the CFA&P provisions foreclose CMHSP employees from providing HCBS person-centered care planning.

In our opinion, this position represents an arbitrary reversal by MDHHS or—if the change of position is motivated by a request from CMS, by CMS—which conflicts with requirements

[7] Mich. Mental Health Code § 330.1712. You explained that the role of the CMHSPs as "responsible agency" for person-centered care planning is reflected in Section 3.3.1 of the Grant Agreement between the State and the CMHSP.

[8] State plan Attachment 3.1-i.2, pp. 4, 13 (effective 10/1/23; approved 09/30/2022) (citing MDHHS/PIHP Contract Attachment P.6.3.1).

relating to rational agency decision-making in the federal Administrative Procedure Act and analogous Michigan laws. Further, this position overlooks the fact that Michigan's situation qualifies for the regulatory exception to the CFA&P rule, which allows for different individuals from the same entities to furnish both care planning and HCBS, if specified safeguards are established. Finally, the alternative that MDHHS appears to support—requiring that representatives from the PIHPs furnish the person-centered care planning—appears, itself, to be noncompliant with the CFA&P rule.

A. To Prohibit CMHSPs from Conducting HCBS Care Planning Represents an Irrational Change in Position.

Under Section 706 of the federal Administrative Procedure Act, reviewing courts are to hold agency action unlawful and set aside agency action, findings, and conclusions found to be "arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law." The Michigan Administrative Procedure Act contains an analogous provision.[9]

The concept of "arbitrary and capricious" agency action encompasses unexplained reversals in position by agencies. In *Motor Vehicle Manufacturers v. State Farm Mutual Auto Insurance Co.,* the U.S. Supreme Court addressed the Federal Government's rescission of a regulation that would have required airbags to be included in all new vehicles. The Court, noting that the federal agency's change of course on this issue appeared not to be motivated by any change in research findings or policy analysis, held that the agency's change of position constituted unreasonable action under the "arbitrary and capricious" standard in the Administrative Procedure Act. It held: "[A]n agency changing its course by rescinding a rule is obligated to supply a reasoned analysis for the change beyond that which may be required when an agency does not act in the first instance. . . ."[10] This decision represents the widely accepted premise in administrative law that when agencies reverse established policies, they have a heightened obligation to explain the factors that motivated the change and to consider input from affected stakeholders.

Here, the provisions of Michigan's recently approved State Plan Amendment (SPA) for 1915(i) HCBS services suggest that both CMS and MDHHS concluded that for purposes of CFA&P, the exception in the regulation was met. Since CMHSPs are the hub service providers in the Michigan community mental health system, for the system to work properly and services to be promptly available, CMHSP employees need to be able to provide person-centered care planning even though other employees of the CMHSP furnish HCBS services. The federally-approved 1915(i) SPA also provides for the very types of guardrails that CMS mentioned as essential to the CFA&P exception in the preamble to its 2014 regulation; for example, per the terms of the SPA, if a participant wants to receive person-centered care planning outside the CMHSP, the participant may request to be connected with an independent facilitator through

[9] Michigan Administrative Procedure Act § 24.306(1)(e).
[10] *Motor Vehicle Mfrs. Ass'n v. State Farm Mut. Auto Ins. Co*., 463 U.S. 29, 42 (1983).

the PIHP. Organizations impacted by this issue (PIHPs, the CMHSPs, and HCBS participants) have relied on this arrangement, and it is also memorialized in the State's contracts with the PIHPs.[11]

We understand that 1915(i) State plan services reflect only a minority of the HCBS services for which CMHSPs provide person-centered care planning, and therefore, the SPA approval does not control the provision of all or even most HCBS. Nonetheless, the CMS 1915(i) SPA approval indicates federal authorization of Michigan's general approach to the CFA&P issue, and numerous Michigan policy documents and contractual relationships with wider application depend on this interpretation. For MDHHS to reverse its position on this issue, proceeding on a view that it violates the HCBS CFA&P provisions whenever employees of the same entity furnish both person-centered care planning and HCBS services, would require, at minimum, that MDHHS explain what motivated its change in position, offer stakeholders the opportunity to comment on this stance. While MDHHS has initiated a "work group" around this issue, it appears that the foregone policy conclusion undergirding the work is that employees of the same entity (the CMHSP) may not fulfill both functions.

If MDHHS' change of position on this issue is prompted by interaction with CMS (for example, if CMS has concluded that its approval of the 1915(i) State plan amendment was not well-founded and should be rescinded), then MDHHS has an obligation to communicate with its stakeholders about the reason MDHHS is reevaluating this issue.

B. The Exception under the HCBS Regulation Is Met.

As noted above, both the federal State plan HCBS regulation and the federal 1915(c) waiver HCBS regulation include exceptions to the CFA&P provision that forecloses providers of HCBS from providing person-centered care planning. As articulated more fully in the 1915(i) regulation, the language describing the exception is italicized below:

> (5) Providers of State plan HCBS for the individual, or those who have an interest in or are employed by a provider of State plan HCBS for the individual, *except when the State demonstrates that the only willing and qualified agent to perform independent assessments and develop person-centered service plans in a geographic area also provides HCBS, and the State devises conflict of interest protections including separation of agent and provider functions within provider entities, which are described in the State plan for medical assistance and approved*

[11] See MDHHS PIHP Master Contract, Schedule A, Section I.E.8 (referencing the MDHHS Person-Centered Planning Practice Guideline, which in turn provides that person-centered planning conflicts of interest as described in the HCBS final rule will be addressed by ensuring that "the individual responsible for the PCP process is separate from the eligibility determination, assessment, and service provision responsibilities," and requiring additionally that individuals be entitled to an independent facilitator at their request and have access to the administrative appeal process for issues relating to care planning).

> *by the Secretary, and individuals are provided with a clear and accessible alternative dispute resolution process.*[12]

CMS approval of Michigan's 1915(i) State plan amendment indicates that CMS agreed with Michigan that the premise for the CFA&P exception (that "the State demonstrates that the only willing and qualified agent to perform independent assessments and develop person-centered service plans in a geographic area also provides HCBS") was met. This appears reasonable, given that the State Mental Health Code and its implementing regulations require that the person-centered care planning process be completed by the "responsible mental health agency," indicating the CMHSP.[13] It appears to be an integral component of the Michigan's community mental health structure that local government-based CMHSPs bear the primary responsibility for HCBS, including development of the care plan.

Further, various Michigan policy documents, ranging from the approved 1915(i) SPA to the State's Person-Centered Planning Practice Guideline, include precisely those protections described in the regulation to ensure conflict-free care planning by representatives of the service providing organization: ensuring that the same individuals do not both create the care plan and provide services; providing HCBS recipients with an opportunity to request independent facilitators; and giving HCBS recipients access to the State's grievance and appeal system to express objections relating to the care planning process.

C. MDHHS' Proffered Alternative, Itself, Appears Noncompliant with the HCBS Rules.

As we understand it, MDHHS appears to support a change in policies/processes that would require either the PIHP or entities referred by the PIHP to conduct the HCBS care planning process, in order to address CFA&P concerns. However, to the extent that MDHHS considers employees of the CMHSP to be conflicted in performing care planning, the same would appear to be true for employees/representatives of the PIHPs.

The corporate structure of the PIHPs, as noted above, is closely related to the CMHSPs; in fact, leadership of the CMHSPs are required to serve on the PIHPs' leadership boards.[14] The federal regulation, at 42 C.F.R. § 441.730(b)(5), forecloses "providers of State plan HCBS for the individual, *or those who have an interest in or are employed by a provider of State plan HCBHS,*" from providing HCBS care planning. In the present situation, the PIHPs' governing bodies include individuals who themselves lead CMHSPs and hence might be considered to be affected, as organizational leaders, by HCBS care planning decisions. Therefore—to the extent that any individual organizational leaders have financial incentives as executives of a

[12] 42 C.F.R. § 431.730(b) (emphasis added). Please note that the definition of "financial interest" in the regulations is borrowed from the Stark Law regulations.
[13] Mich. Mental Health Code § 330.1712; Mich. Admin. Code § 330.7199.
[14] See Mich. Mental Health Code § 330.1204b(1).

governmental safety-net system—PIHP leaders and personnel have the same incentives to influence care planning decisions as CMHSP leaders and personnel would arguably have. Thus, to reorganize the care planning function so that it must be conducted by PIHPs appears to be a formalistic change, which would not in fact result in any greater separation between the HCBS care planning and service provision functions than under the existing framework.

It also bears noting that to the extent that MDHHS' proposed solution would require HCBS person-centered care planning to be conducted by managed care entities, such a change is in tension with concerns raised by the US Government Accountability Office (GAO) in a recent report. In the report, GAO expressed concern about the role of managed care entities in HCBS care planning, opining that MCEs would have a financial incentive to design the care plan in a manner that skimps on services, so as to reduce per-enrollee expenditures.[15]

IV. Conclusion

Setting aside the text of the rules, as you have explained, there are strong arguments that the HCBS CFA&P rules were premised on assumptions about the role of financial interest in service determinations and care planning that are simply inapplicable to government-based organizations and their leadership, which typically are motivated simply to take care of the populations they serve, not to maximize profit.

However, accepting as a premise that the conflicts of interest that CMS contemplated in formulating the CFA&P regulations are applicable, it appears to us from a legal perspective that Michigan's existing policies adequately address these issues. It is a State legal requirement that CMHSPs be included in HCBS care planning for the simple reason that State law requires CMHSPs to be the hub of community mental health services in Medicaid.

Thus, the regulatory exception that would allow employees of the same organization to provide both direct services and care planning, is met. Michigan's policies further provide for the types of guardrails (i.e., access to independent facilitators and to State appeal processes) contemplated in the CMS regulation. Without MDHHS articulating a compelling reason to change its policies, a shift in position to prohibit CMHSP personnel from providing care management could be challenged as an arbitrary agency decision.[16]

[15] See GAO, CMS Should Take Additional Steps To Improve Assessments of Individuals' Needs for HCBS (Dec. 2017), p. 12.

[16] Please note that this memo does not address litigation strategy or risks—e.g., whether the components of a cause of action to challenge MDHHS' policy change would be met, whether CMHSPs or CMHA would have standing, etc. We are merely noting that the policy change, without full justification by MDHHS, does not meet standards of reasonableness under federal and state administrative procedure codes.

Capital Notebook: New Medicaid Head Announced At DHHS

The Department of Health and Human Services on Monday announced Meghan Groen has been selected to head the state's Medicaid programs covering physical and behavioral health and long-term care and aging programs.

Groen has 20 years of experience in government, policy and nonprofit administration, most recently as senior advisor to DHHS Director Elizabeth Hertel. She will become senior deputy director of the DHHS Behavioral and Physical Health and Aging Services Administration, which includes serving as state Medicaid director. Prior to joining the administration in 2019, Groen ran her own consulting firm and before that was director of government relations for Planned Parenthood of Michigan. She also has worked on staff in the House and Senate.

"Throughout her career, Meghan has demonstrated remarkable leadership abilities and a keen, incisive understanding of health policy and the challenges in providing health services," Hertel said in a statement. "I'm confident she will help lead our Behavioral and Physical Health and Aging Services Administration forward as it continues its work to improve access to health care and provide better health outcomes for our friends and neighbors."

email correspondence

From: Baker, Teri (DHHS)
[EXTERNAL]New Role with MDHHS
Tuesday, May 16, 2023 1:00:46 PM
image001.png

SENDING ON BEHALF OF JEFF WIEFERICH –

Good afternoon,

I am writing to share some news about a new role I will be moving to in MDHHS. Effective June 11, I will be the Senior Executive of the State Psychiatric Hospitals/Centers and will be supporting and directing the staff at the Hospitals/Centers and managing their overall operations. It has been an honor to work with all of you over the past several years and it was not an easy decision for me to leave the work that we are doing on the community side of behavioral health. I am confident that with the great behavioral health team at MDHHS and your overall commitment to our system, that great work will continue and improve.

Thank you for being great partners and colleagues, it has been a pleasure working with you all.

Jeffery L. Wieferich MA, LLP
Director
Bureau of Specialty Behavioral Health Services
Behavioral and Physical Health and Aging Services Administration
400 South Pine Street
Lansing, Michigan 48913
Cell: 517.256.6358
Wieferichj@michigan.gov

https://www.record-eagle.com/news/local_news/mental-health-services-take-giant-leap-forward/article_90f2d688-e9d5-11ed-88c9-47ca3b3a9b86.html

Mental health services take giant leap forward

- By Patti Brandt Burgess pburgess@record-eagle.com

TRAVERSE CITY — A possible site has been identified for a mental health center in Grand Traverse County that would be the first stop for anyone in need of mental health or substance use disorder services.

The building is near Munson Medical Center, although County Administrator Nate Alger declined to give the address as negotiations are still ongoing.

Alger toured the space Friday and told county board members at their regular meeting Wednesday that it was "sufficient."

Alger said the leadership team working on procuring the site would likely have a proposal by the end of May or early June to apply for $5 million in American Rescue Plan Act funding that was set aside by the GTC board in December for this purpose. The money will be used to renovate the building, he said.

The access center would get people the help they need and act as a diversion center to keep people out of emergency rooms and jail, which is often the first stop for those in crisis.

"Anybody who is in crisis, whether it's a parent bringing a child or it's somebody who has engaged in substance use and has overdone it and is in a crisis, or it's law enforcement, they're going to receive immediate assessment and they're going to direct that person where to go," Alger said.

"We're hoping that's anyplace but jail and, minimally, the emergency department."

The county board also unanimously approved an enabling agreement that has been several months in the works. It is the seventh draft and all six of the member counties must approve it. GTC became the fifth on Wednesday.

It was exactly one year ago that county board members agreed to part ways with Northern Lakes Community Mental Health Authority after what they said was decades of poor service.

Shortly afterward, administrators and board chairs from the six counties that also include Crawford, Leelanau, Missaukee, Roscommon and Wexford began the process of rewriting the agreement.

What started as a strained relationship has improved over the course of the last months, Alger said.

The next step is to rewrite the board bylaws, which are a companion to the agreement, he said.

The new access center will expand and improve upon services that are already in place — a mobile crisis unit, a crisis line, a Welcoming Center and a contract for residential beds with Hope Network — but are insufficient, Alger said.

The Welcoming Center located in the Northern Lakes Community Mental Health building in downtown Traverse City has been open for about a year and serves people 24/7.

It is small, but has always been seen as a steppingstone for a larger, full-service center.

The access center will have space for Addiction Treatment Services, National Alliance on Mental Illness, Before During and After Incarceration, Child and Family Services and all the partnering organizations.

People will be assessed when they come in and then sent for follow-up outpatient care, to a short-term residential unit, or to a long-term inpatient psychiatric hospital.

Some may still be sent to an emergency room, but those numbers are expected to decrease over time.

The center will be established in three phases, the first of which will bring all existing services to the access point. The second will add nursing and psychiatric assessments, with the final phase adding a crisis stabilization unit (CSU) for stays of up to 72 hours, and a crisis residential unit (CRU) that will provide beds for stays of up to 14 days.

The leadership team consists of representatives from Northern Lakes, Munson, the Northern Michigan Regional Entity, the Northwest Community Health Innovation Region and the county.

“We’re putting the plan together so it can be funded, but also so it meets state criteria,” said Brian Martinus, interim CEO of Northern Lakes.

Northern Lakes received a $3 million state grant that can be used for staffing. Martinus said a data collector and a project lead for the access point have already been hired.

State and federal opioid settlement funds also may be available for the project, and Medicaid will pay for the lion’s share of services, Alger said.

The center would be a regional one. County board Chairman Rob Hentschel said the board was unanimous in its willingness to put its ARPA funds toward mental health, knowing that the surrounding counties that would benefit from it chose their own projects. He acknowledged that GTC will reap the biggest benefit.

“I encourage administration and the whole team to keep reaching out for those state dollars with that in mind,” Hentschel said.

Commissioner Daryl V. Nelson said whenever he has talked with anybody over the last few years about mental health services, nobody was happy.

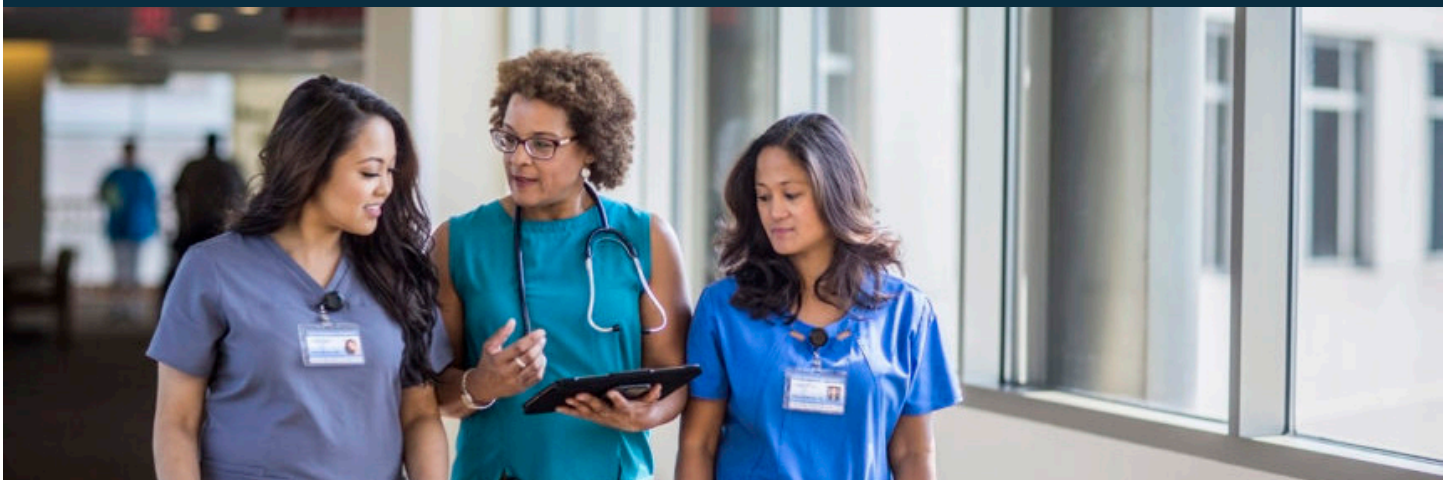
“Everybody I talked to was frustrated,” he said.

The step made by the board last year was controversial, but in the end resulted in an improved and updated agreement and better mental health services.

“This is not a victory lap, by any means,” Nelson said, noting that those who worked on the issue got a lot done in a year.

“That is lightning speed in government,” he said.

Join us and share your thoughts on direct care and behavioral health workforce challenges!



The Michigan Department of Health and Human Services (MDHHS) wants to better understand the challenges of people who work in or receive care from direct care and behavioral health services.

We want to hear what you have to say. MDHHS has partnered with Health Management Associates and Public Sector Consultants to hear from stakeholders. In May, there will be seven feedback sessions around the state. These sessions will focus on identifying unique regional challenges and considering possible solutions to address those challenges.

Southeast Michigan (Fisher Building, Detroit)
May 17, 10:30 AM–12:00 PM

Northern Michigan
(Grand Traverse Resort and Spa, Traverse City)
May 18, 9:30–11:00 AM

Flint/Saginaw
(Greater Flint Health Coalition, Flint)
May 22, 10:00–11:30 AM

West Michigan
(Muskegon Innovation Hub, Muskegon)
May 23, 9:00–10:30 AM

Mid-Michigan
(Village of Rosebush Manor, Rosebush)
May 24, 1:00–2:30 PM

Direct Care Worker Discussion Group (Zoom)
June 6, 6:30–8:00 PM

Behavioral Health Discussion Group (Zoom)
June 7, 3:30–5:00 PM

Consumer Discussion Group (Zoom)
June 8, 1:30–3:00 PM

Statewide Feedback Session (Zoom)
June 14, 2:00–4:00 PM

Use the camera on your phone to frame and view the QR code or visit **pscinc.co/workforce** to register for a regional feedback session and share your perspective.

NORTHERN MICHIGAN REGIONAL ENTITY
FINANCE COMMITTEE MEETING
10:00AM – MAY 10, 2023
VIA TEAMS

ATTENDEES:	**Brian Babbitt, Connie Cadarette, Lauri Fischer, Ann Friend, Eric Kurtz, Donna Nieman, Larry Patterson, Nena Sork, Erinn Trask, Tricia Wurn, Deanna Yockey, Carol Balousek**

REVIEW AGENDA & ADDITIONS
Donna asked to add a discussion about the FY24 budget to the meeting agenda. Erinn asked to add a discussion about the new rate certification.

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 12, 2023 NORTHERN MICHIGAN REGIONAL ENTITY REGIONAL FINANCE COMMITTEE MEETING; SUPPORT BY DONNA NIEMAN. MOTION APPROVED.

MONTHLY FINANCIALS
March 2023

- Net Position showed net surplus Medicaid and HMP of $4,206,198. Budget stabilization was reported as $16,369,542. The total Medicaid and HMP Current Year Surplus was reported as $20,575,740. Medicaid and HMP combined ISF was reported as $16,369,542; the total Medicaid and HMP net surplus, including carry forward and ISF was reported as $36,945,282.
- Traditional Medicaid showed $98,795,368 in revenue, and $96,778,094 in expenses, resulting in a net surplus of $2,017,274. Medicaid ISF was reported as $9,306,578 based on the current FSR. Medicaid Savings was reported as $7,742,649.
- Healthy Michigan Plan showed $17,405,142 in revenue, and $15,216,218 in expenses, resulting in a net surplus of $2,188,924. HMP ISF was reported as $7,062,964 based on the current FSR. HMP savings was reported as $8,626,893.
- Health Home showed $1,109,075 in revenue, and $927,510 in expenses, resulting in a net surplus of $181,565.
- SUD showed all funding source revenue of $14,692,732, and $12,821,233 in expenses, resulting in a net surplus of $1,871,499. Total PA2 funds were reported as $4,852,460.

Deanna reported that a sizable lapse is anticipated for FY23. Erinn shared that part of AuSable Valley's surplus is due to the inability to maintain staff. The CMHSPs are working to identify one-time expenses. Brian noted that North Country is also sitting on excess general funds.

MOTION BY LAURI FISCHER TO RECOMMEND APPROVAL OF THE NORTHERN MICHIGAN REGIONAL ENTITY MONTHLY FINANCIAL REPORT FOR MARCH 2023; SUPPORT BY ERINN TRASK. MOTION APPROVED.

EDIT UPDATE

Donna shared the April 20th meeting minutes with the committee on April 21st.

- The EDIT charter & membership was discussed. Two members are allowed per region. Brian suggested that the meetings be recorded and shared with interested parties; Donna agreed to pass along the suggestion.
- Telemedicine codes post Public Health Emergency (PHE) may be found by visiting: Bureau of Specialty Behavioral Health Services Telemedicine Database (michigan.gov). Originally, only 6 – 7 audio-only codes were going to be allowed; based on feedback, other services were deemed allowable by audio-only means.
- A policy to establish a new Medicaid fee-for-service benefit for incarcerated/recently incarcerated individuals to allow case management, assessment, etc. services to incarcerated people up to 14 days prior to their release is out for public comment; the policy can be found by visiting 2307-TCM-P.pdf (govdelivery.com).
- FY23 Period 1 EQI is due June 3, 2023. The parts of the template that are normally completed in Period 3 (e.g., financial recon, spend down, TIN, etc.) do not need to be completed.
- COB meeting was canceled. There is still discussion about how the group is going to move forward.
- The next meeting of the Tiered Rates for Licensed Residential Services Workgroup is scheduled for June 28th.
- All changes recommended by the Code Chart Changes Subgroup have been added to the code chart.
- The Appendix Subgroup has been meeting twice monthly to review each of the appendix tabs.
- The April update to the FY23 Behavioral Health Code Charts and Provider Qualifications workbook included 24 updates; more updates will be coming in July.
- Richard asserted that the cost of the facility should be included in H0018 & H0019 code costs when negotiating with providers. Internal leadership at MDHHS will meet and provide a decision to EDIT within 30 days.
- A modifier is being considered to add to the T1040 CCBHC code to indicate a mild/moderate consumer.
- Language was reviewed to clarify what constitutes "applicable experience" under supported employment H2023.

Donna agreed to share a telemedicine code chart "cheat sheet" for clinicians. PCE programming changes are in process.

Donna noted that the H2025 Supported Employment code is not on the EQI report; she agreed to seek clarification.

The next EDIT meeting is scheduled for July 20th at 10:00AM.

FSR

There was nothing new to report on this topic, but Deanna announced that the NMRE Compliance Audit is taking place on May 16th.

EQI UPDATE

The Period 1 EQI submissions are due June 3rd; the CMHSPs were instructed to have their reports to the NMRE by May 22nd. Deanna instructed the CMHSPs to complete the Service UNC, Eligibility Source Summary, Other Expenses, and Notes tabs, as needed.

Tricia reviewed the FY22 variance report; she agreed to share it with the CMHSPs following the meeting. The CMHSPs were asked to supply explanations to account for the variances by May 17th.

HSW OPEN SLOTS

Deanna reported that there are 39 open slots for the region. Lauri commented that the state is experiencing a backlog, causing some packets to expire before they are reviewed. Northern Lakes currently has 25 recerts in process. Deanna will discuss the backlog issue with NMRE Clinical Services Director, Bea Arsenov, and report back to the committee. Donna noted that Centra Wellness has 16 recerts awaiting approval.

MID-YEAR REPORT

Deanna reminded the CMHSPs that the Mid-year Report is due on May 31st. Deanna can either trend 6-month data through the year, or Boards can supply MA/HMP full year expenditures. The same template that was used last year may be used again this year. Deanna will follow-up via email. Reports are due to the NMRE on May 17th.

OTHER

FY24 Budget

Deanna noted that revenue is $2.5M ahead of projections six months into the fiscal year; most of the surplus has to do with SUD. A rate setting meeting is scheduled for the end of May. The NMRE will likely close the current fiscal year with a fully funded ISF and lapse. The decrease in eligibles (due to redeterminations) may be offset by a potential rate increase. Deanna anticipates FY24 revenue to be close to FY23 revenue.

New Rate Certification

New DCW adjusted rates effective May 1, 2023 – September 30, 2023 have been received.

NEXT MEETING

The next meeting was scheduled for June 14th at 10:00AM.

Chief Executive Officer Report

May 2023

This report is intended to brief the NMRE Board of 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 24: Attended and participated in PIHP Compliance Officers meeting.

April 27: Attended and participated in CMHAM Directors Forum.

May 1: Attended and participated in BPHASA NMRE beneficiary concerns meeting.

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

May 3: Attended and participated in NMRE Internal Operations Committee meeting.

May 4: Attended and participated in MDHHS PIHP CEO meeting.

May 5: Attended and participated in NLCMHA Crisis Center meeting.

May 8: Attended and participated in NMRE Day or Recovery and Education.

May 10: Attended and participated in NMRE Regional Finance Committee meeting.

May 11: Presenting NMRE Regional Overview for Northeast MI Strategic Planning Session.

May 15: Attended meeting regarding government relation options.

May 16: Chaired NMRE Operations Committee meeting.

May 17: Attended and participated in NMRE Internal Operations Committee meeting.

Northern Michigan Regional Entity

March 2023 Finance Report

March 2023 Financial Summary

Funding Source	YTD Net Surplus (Deficit)	Carry Forward	ISF
Medicaid	2,017,274	7,742,649	9,306,578
Healthy Michigan	2,188,924	8,626,893	7,062,964
	$ 4,206,198	$ 16,369,542	$ 16,369,542

	NMRE MH	NMRE SUD	Northern Lakes	North Country	Northeast	AuSable Valley	Centra Wellness	PIHP Total
Net Surplus (Deficit) MA/HMP	650,773	1,610,352	(862,355)	1,955,435	(670,346)	1,746,851	(224,511)	$ 4,206,198
Budget Stabilization Full Year		1,878,908	4,919,342	4,095,691	2,272,462	1,955,236	1,247,903	16,369,542
Total Med/HMP Current Year Surplus	650,773	3,489,260	4,056,987	6,051,126	1,602,116	3,702,087	1,023,392	$ 20,575,740
Medicaid & HMP Internal Service Fund								16,369,542
Total Medicaid & HMP Net Surplus								$ 36,945,282

Northern Michigan Regional Entity

Funding Source Report - PIHP

Mental Health

October 1, 2022 through March 31, 2023

	NMRE MH	NMRE SUD	Northern Lakes	North Country	Northeast	AuSable Valley	Centra Wellness	PIHP Total
Traditional Medicaid (inc Autism)								
Revenue								
Revenue Capitation (PEPM)	$ 95,420,456	$ 3,167,952						$ 98,588,408
CMHSP Distributions	(92,174,452)		30,128,668	25,404,647	15,568,471	13,023,237	8,049,428	0
1st/3rd Party receipts			206,960	-	-	-	-	206,960
Net revenue	3,246,004	3,167,952	30,335,628	25,404,647	15,568,471	13,023,237	8,049,428	98,795,368
Expense								
PIHP Admin	1,233,952	32,446						1,266,397
PIHP SUD Admin		41,549						41,549
SUD Access Center		24,297						24,297
Insurance Provider Assessment	863,620	18,856						882,476
Hospital Rate Adjuster	555,016							555,016
Services		2,408,528	30,964,939	24,260,254	16,559,522	11,555,233	8,259,882	94,008,358
Total expense	2,652,588	2,525,676	30,964,939	24,260,254	16,559,522	11,555,233	8,259,882	96,778,094
Net Actual Surplus (Deficit)	$ 593,417	$ 642,276	$ (629,311)	$ 1,144,393	$ (991,051)	$ 1,468,004	$ (210,454)	$ 2,017,274

Notes

Medicaid ISF - $9,306,578 - based on current FSR

Medicaid Savings - $7,742,649

Northern Michigan Regional Entity

Funding Source Report - PIHP

Mental Health
October 1, 2022 through March 31, 2023

	NMRE MH	NMRE SUD	Northern Lakes	North Country	Northeast	AuSable Valley	Centra Wellness	PIHP Total
Healthy Michigan								
Revenue								
Revenue Capitation (PEPM)	$ 10,884,097	$ 6,521,045						$ 17,405,142
CMHSP Distributions	(10,151,787)		3,694,797	3,075,428	1,260,439	1,274,483	846,641	-
1st/3rd Party receipts			-	-	-	-	-	-
Net revenue	732,310	6,521,045	3,694,797	3,075,428	1,260,439	1,274,483	846,641	17,405,142
Expense								
PIHP Admin	121,082	71,300						192,382
PIHP SUD Admin		91,306						91,306
SUD Access Center		53,393						53,393
Insurance Provider Assessment	78,935	44,157						123,092
Hospital Rate Adjuster	474,936							474,936
Services		5,292,813	3,927,842	2,264,386	939,734	995,636	860,698	14,281,109
Total expense	674,953	5,552,969	3,927,842	2,264,386	939,734	995,636	860,698	15,216,218
Net Surplus (Deficit)	$ 57,356	$ 968,076	$ (233,045)	$ 811,042	$ 320,705	$ 278,847	$ (14,057)	$ 2,188,924

Notes
HMP ISF - $7,062,964 - based on current FSR
HMP Savings - $8,626,893

Net Surplus (Deficit) MA/HMP	**$ 650,773**	**$ 1,610,352**	**$ (862,355)**	**$ 1,955,435**	**$ (670,346)**	**$ 1,746,851**	**$ (224,511)**	**$ 4,206,198**
Medicaid Carry Forward								**16,369,542**
Total Med/HMP Current Year Surplus								$ 20,575,740
Medicaid & HMP ISF - based on current FSR								**16,369,542**
Total Medicaid & HMP Net Surplus (Deficit) including Carry Forward and ISF								**$ 36,945,282**

Northern Michigan Regional Entity

Funding Source Report - PIHP

Mental Health
October 1, 2022 through March 31, 2023

	NMRE MH	NMRE SUD	Northern Lakes	North Country	Northeast	AuSable Valley	Centra Wellness	PIHP Total
Health Home								
Revenue								
Revenue Capitation (PEPM)	$ 240,073		320,436	158,287	47,381	80,372	262,526	$ 1,109,075
CMHSP Distributions	-							-
1st/3rd Party receipts								-
Net revenue	240,073	-	320,436	158,287	47,381	80,372	262,526	1,109,075
Expense								
PIHP Admin	12,066							12,066
BHH Admin	19,769							19,769
Insurance Provider Assessment	-							-
Hospital Rate Adjuster								
Services	26,673		320,436	158,287	47,381	80,372	262,526	895,675
Total expense	58,508	-	320,436	158,287	47,381	80,372	262,526	927,510
Net Surplus (Deficit)	$ 181,565	$ -	$ -	$ -	$ -	$ -	$ -	$ 181,565

Northern Michigan Regional Entity

Funding Source Report - SUD

Mental Health
October 1, 2022 through March 31, 2023

	Medicaid	Healthy Michigan	Opioid Health Home	SAPT Block Grant	PA2 Liquor Tax	Total SUD
Substance Abuse Prevention & Treatment						
Revenue	$ 3,167,952	$ 6,521,045	$ 2,197,449	$ 2,004,863	$ 801,423	$ 14,692,732
Expense						
Administration	73,995	162,606	55,920	130,869		423,390
OHH Admin			60,192	-		60,192
Access Center	24,297	53,393	-	13,202		90,892
Insurance Provider Assessment	18,856	44,157	-			63,013
Services:						
Treatment	2,408,528	5,292,813	1,820,190	1,308,690	801,423	11,631,644
Prevention	-	-	-	498,793	-	498,793
ARPA Grant	-	-	-	53,309	-	53,309
Total expense	2,525,676	5,552,969	1,936,302	2,004,863	801,423	12,821,233
PA2 Redirect			-	-	-	-
Net Surplus (Deficit)	$ 642,276	$ 968,076	$ 261,147	$ -	$ -	$ 1,871,499

Statement of Activities and Proprietary Funds Statement of

Revenues, Expenses, and Unspent Funds
October 1, 2022 through March 31, 2023

	PIHP MH	PIHP SUD	PIHP ISF	Total PIHP
Operating revenue				
Medicaid	$ 95,420,456	$ 3,167,952	$ -	$ 98,588,408
Medicaid Savings	7,742,649	-	-	7,742,649
Healthy Michigan	10,884,097	6,521,045	-	17,405,142
Healthy Michigan Savings	8,626,893	-	-	8,626,893
Health Home	1,109,075	-	-	1,109,075
Opioid Health Home	-	2,197,449	-	2,197,449
Substance Use Disorder Block Grant	-	2,004,863	-	2,004,863
Public Act 2 (Liquor tax)	-	801,422	-	801,422
Affiliate local drawdown	297,408	-	-	297,408
Performance Incentive Bonus	-	-	-	-
Miscellanous Grant Revenue	-	2,001	-	2,001
Veteran Navigator Grant	51,028	-	-	51,028
SOR Grant Revenue	-	797,158	-	797,158
Gambling Grant Revenue	-	-	-	-
Other Revenue	960	-	4,051	5,011
Total operating revenue	124,132,566	15,491,890	4,051	139,628,507
Operating expenses				
General Administration	1,530,688	350,694	-	1,881,382
Prevention Administration	-	58,449	-	58,449
OHH Administration	-	60,192	-	60,192
BHH Administration	19,769	-	-	19,769
Insurance Provider Assessment	942,555	63,013	-	1,005,568
Hospital Rate Adjuster	1,029,952	-	-	1,029,952
Payments to Affiliates:				
Medicaid Services	91,392,870	2,408,528	-	93,801,398
Healthy Michigan Services	8,988,296	5,292,813	-	14,281,109
Health Home Services	895,675	-	-	895,675
Opioid Health Home Services	-	1,820,190	-	1,820,190
Community Grant	-	1,308,690	-	1,308,690
Prevention	-	440,344	-	440,344
State Disability Assistance	-	-	-	-
ARPA Grant	-	53,309	-	53,309
Public Act 2 (Liquor tax)	-	801,423	-	801,423
Local PBIP	-	-	-	-
Local Match Drawdown	297,408	-	-	297,408
Miscellanous Grant	-	2,001	-	2,001
Veteran Navigator Grant	51,028	-	-	51,028
SOR Grant Expenses	-	797,158	-	797,158
Gambling Grant Expenses	-	-	-	-
Total operating expenses	105,148,241	13,456,804	-	118,605,045
CY Unspent funds	18,984,325	2,035,086	4,051	21,023,462
Transfers In	-	-	-	-
Transfers out	-	-	-	-
Unspent funds - beginning	2,602,594	5,413,045	16,369,542	24,385,181
Unspent funds - ending	$ 21,586,919	$ 7,448,131	$ 16,373,593	$ 45,408,643

Northern Michigan Regional Entity

Statement of Net Position

March 31, 2023

	PIHP MH	PIHP SUD	PIHP ISF	Total PIHP
Assets				
Current Assets				
Cash Position	$ 32,351,174	$ 6,838,685	$ 16,373,593	$ 55,563,452
Accounts Receivable	18,580,103	2,234,940	-	20,815,043
Prepaids	65,928	-	-	65,928
Total current assets	50,997,205	9,073,625	16,373,593	76,444,423
Noncurrent Assets				
Capital assets	125,002	-	-	125,002
Total Assets	51,122,207	9,073,625	16,373,593	76,569,425
Liabilities				
Current liabilities				
Accounts payable	29,342,710	1,625,494	-	30,968,204
Accrued liabilities	192,578	-	-	192,578
Unearned revenue	-	-	-	-
Total current liabilities	29,535,288	1,625,494	-	31,160,782
Unspent funds	$ 21,586,919	$ 7,448,131	$ 16,373,593	$ 45,408,643

Northern Michigan Regional Entity

Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds

Budget to Actual - Mental Health
October 1, 2022 through March 31, 2023

	Total Budget	YTD Budget	YTD Actual	Variance Favorable (Unfavorable)	Percent Favorable (Unfavorable)
Operating revenue					
Medicaid					
* Capitation	$ 187,752,708	$ 93,876,354	$ 95,420,456	$ 1,544,102	1.64%
Carryover	11,400,000	11,400,000	7,742,649	(3,657,351)	(0)
Healthy Michigan					
Capitation	19,683,372	9,841,686	10,884,097	1,042,411	10.59%
Carryover	5,100,000	5,100,000	8,626,893	3,526,893	69.15%
Health Home	1,451,268	725,634	1,109,075	383,441	52.84%
Affiliate local drawdown	594,816	297,408	297,408	-	0.00%
Performance Bonus Incentive	1,334,531	1,334,531	-	(1,334,531)	(100.00%)
Miscellanous Grants	-	-	-	-	0.00%
Veteran Navigator Grant	110,000	55,002	51,028	(3,974)	(7.23%)
Other Revenue	-	-	960	960	0.00%
Total operating revenue	227,426,695	122,630,615	124,132,566	1,501,951	1.22%
Operating expenses					
General Administration	3,591,836	1,781,628	1,530,688	250,940	14.08%
BHH Administration	-	-	19,769	(19,769)	0.00%
Insurance Provider Assessment	1,897,524	948,762	942,555	6,207	0.65%
Hospital Rate Adjuster	4,571,328	2,285,664	1,029,952	1,255,712	54.94%
Local PBIP	1,737,753	-	-	-	0.00%
Local Match Drawdown	594,816	297,408	297,408	-	0.00%
Miscellanous Grants	-	-	-	-	0.00%
Veteran Navigator Grant	110,004	45,858	51,028	(5,170)	(11.27%)
Payments to Affiliates:					
Medicaid Services	176,618,616	88,309,308	91,392,870	(3,083,562)	(3.49%)
Healthy Michigan Services	17,639,940	8,819,970	8,988,296	(168,326)	(1.91%)
Health Home Services	1,415,196	707,598	895,675	(188,077)	(26.58%)
Total operating expenses	208,177,013	103,196,196	105,148,241	(1,952,045)	(1.89%)
CY Unspent funds	$ 19,249,682	$ 19,434,419	18,984,325	$ (450,094)	
Transfers in			-		
Transfers out			-	105,148,241	
Unspent funds - beginning			2,602,594		
Unspent funds - ending			$ 21,586,919	18,984,325	

Northern Michigan Regional Entity

Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds

Budget to Actual - Substance Abuse
October 1, 2022 through March 31, 2023

	Total Budget	YTD Budget	YTD Actual	Variance Favorable (Unfavorable)	Percent Favorable (Unfavorable)
Operating revenue					
Medicaid	$ 4,678,632	$ 2,339,316	$ 3,167,952	$ 828,636	35.42%
Healthy Michigan	11,196,408	5,598,204	6,521,045	922,841	16.48%
Substance Use Disorder Block Grant	6,467,905	3,233,950	2,004,863	(1,229,087)	(38.01%)
Opioid Health Home	3,419,928	1,709,964	2,197,449	487,485	28.51%
Public Act 2 (Liquor tax)	1,533,979	-	801,422	801,422	0.00%
Miscellanous Grants	4,000	2,000	2,001	1	0.05%
SOR Grant	2,043,984	1,021,992	797,158	(224,834)	(22.00%)
Gambling Prevention Grant	200,000	100,000	-	(100,000)	(100.00%)
Other Revenue	-	-	-	-	0.00%
Total operating revenue	29,544,836	14,005,426	15,491,890	1,486,464	10.61%
Operating expenses					
Substance Use Disorder:					
SUD Administration	1,082,576	511,290	350,694	160,596	31.41%
Prevention Administration	118,428	59,214	58,449	765	1.29%
Insurance Provider Assessment	113,604	56,802	63,013	(6,211)	(10.93%)
Medicaid Services	3,931,560	1,965,780	2,408,528	(442,748)	(22.52%)
Healthy Michigan Services	10,226,004	5,113,002	5,292,813	(179,811)	(3.52%)
Community Grant	2,074,248	1,037,124	1,308,690	(271,566)	(26.18%)
Prevention	634,056	317,028	440,344	(123,316)	(38.90%)
State Disability Assistance	95,215	47,611	-	47,611	100.00%
ARPA Grant	-	-	53,309	(53,309)	0.00%
Opioid Health Home Admin	-	-	60,192	(60,192)	0.00%
Opioid Health Home Services	3,165,000	1,582,500	1,820,190	(237,690)	(15.02%)
Miscellanous Grants	4,000	2,000	2,001	(1)	(0.05%)
SOR Grant	2,043,984	1,021,992	797,158	224,834	22.00%
Gambling Prevention	200,000	100,000	-	100,000	100.00%
PA2	1,533,978	-	801,423	(801,423)	0.00%
Total operating expenses	25,222,653	11,814,343	13,456,804	(1,642,461)	(13.90%)
CY Unspent funds	$ 4,322,183	$ 2,191,083	2,035,086	$ (155,997)	
Transfers in			-		
Transfers out			-		
Unspent funds - beginning			5,413,045		
Unspent funds - ending			$ 7,448,131		

Northern Michigan Regional Entity

Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds

Budget to Actual - Mental Health Administration
October 1, 2022 through March 31, 2023

	Total Budget	YTD Budget	YTD Actual	Variance Favorable (Unfavorable)	Percent Favorable (Unfavorable)
General Admin					
Salaries	$ 1,921,812	$ 960,906	$ 839,170	$ 121,736	12.67%
Fringes	666,212	316,812	286,829	29,983	9.46%
Contractual	683,308	341,658	239,429	102,229	29.92%
Board expenses	18,000	9,000	7,052	1,948	21.64%
Day of recovery	14,000	9,000	500	8,500	94.44%
Facilities	152,700	76,350	69,735	6,615	8.66%
Other	135,804	67,902	87,973	(20,071)	(29.56%)
Total General Admin	$ 3,591,836	$ 1,781,628	$ 1,530,688	$ 250,940	14.08%

Northern Michigan Regional Entity

Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds

Budget to Actual - Substance Abuse Administration
October 1, 2022 through March 31, 2023

	Total Budget	YTD Budget	YTD Actual	Variance Favorable (Unfavorable)	Percent Favorable (Unfavorable)
SUD Administration					
Salaries	$ 502,752	$ 251,376	$ 152,364	$ 99,012	39.39%
Fringes	145,464	72,732	40,087	32,645	44.88%
Access Salaries	220,620	110,310	65,125	45,185	40.96%
Access Fringes	67,140	33,570	25,767	7,803	23.24%
Access Contractual	-	-	-	-	0.00%
Contractual	129,000	37,500	57,114	(19,614)	(52.30%)
Board expenses	5,000	2,502	3,070	(568)	(22.70%)
Facilities	-	-	-	-	0.00%
Other	12,600	3,300	7,167	(3,867)	(117.18%)
Total operating expenses	$ 1,082,576	$ 511,290	$ 350,694	$ 160,596	31.41%

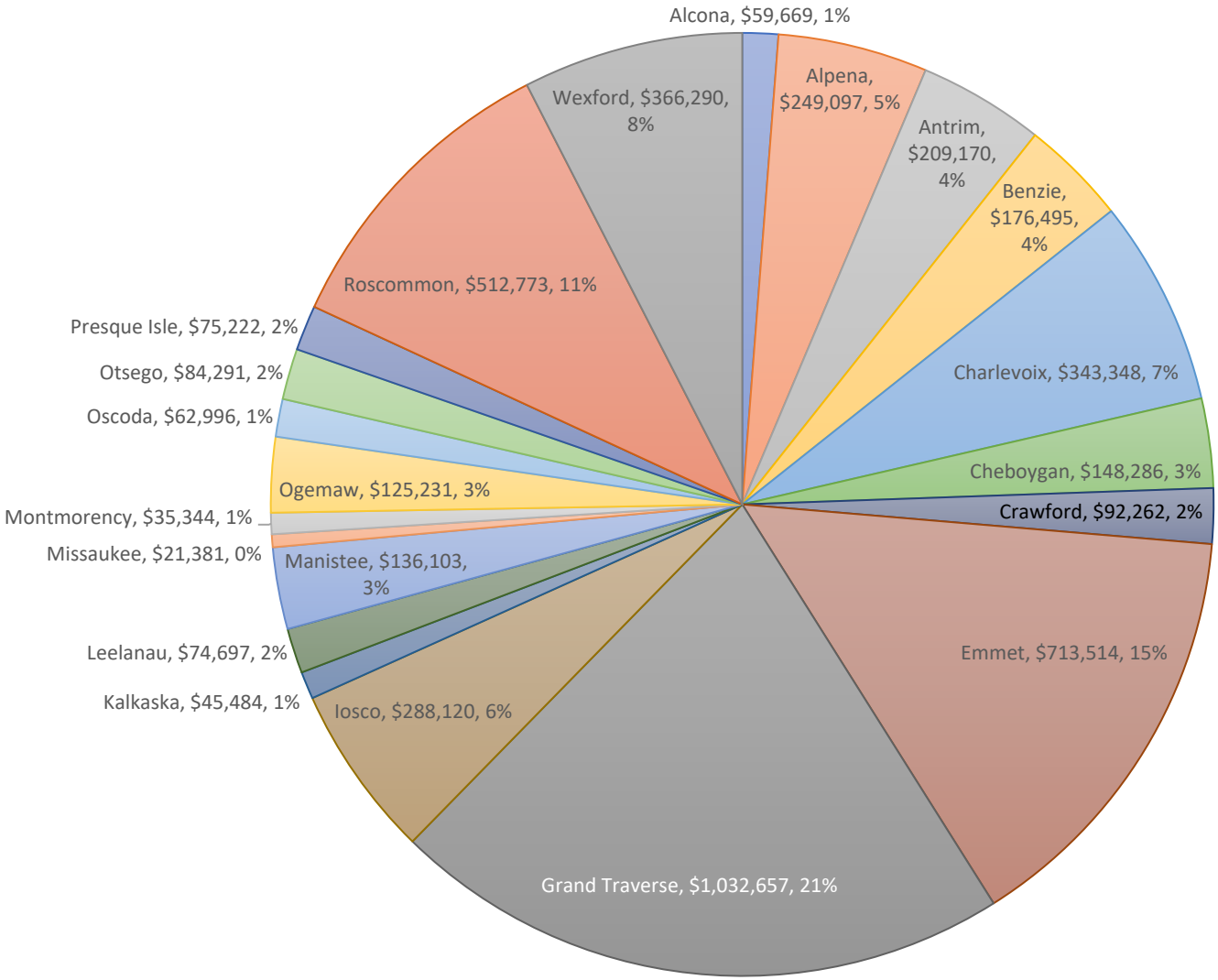
Northern Michigan Regional Entity

Schedule of PA2 by County

October 1, 2022 through March 31, 2023

	Projected FY23 Activity				Actual FY23 Activity			
	Beginning Balance	FY23 Projected Revenue	FY23 Approved Projects	Projected Ending Balance	Current Receipts	County Specific Projects	Region Wide Projects by Population	Ending Balance
County						Actual Expenditures by County		
Alcona	$ 59,376	$ 20,389	$ 4,410	$ 75,355	$ 3,048	2,724	$ -	$ 59,699
Alpena	263,254	69,040	45,317	286,976	10,701	24,858	-	249,097
Antrim	219,249	59,729	80,820	198,158	9,075	19,154	-	209,170
Benzie	173,705	52,923	14,857	211,771	8,217	5,428	-	176,495
Charlevoix	359,548	89,334	110,699	338,183	13,685	29,885	-	343,348
Cheboygan	191,247	74,954	138,728	127,472	11,422	54,382	-	148,286
Crawford	92,406	31,228	17,903	105,731	4,902	5,046	-	92,262
Emmet	716,610	155,245	115,175	756,679	24,999	28,095	-	713,514
Grand Traverse	1,282,987	406,430	1,248,209	441,208	61,007	311,336	-	1,032,657
Iosco	329,202	70,865	180,735	219,332	10,979	52,061	-	288,120
Kalkaska	74,226	31,700	83,823	22,103	5,320	34,062	-	45,484
Leelanau	102,658	56,613	117,817	41,454	8,508	36,469	-	74,697
Manistee	131,924	68,873	10,407	190,390	10,608	6,429	-	136,103
Missaukee	37,771	18,044	48,883	6,931	2,797	19,187	-	21,381
Montmorency	54,974	27,338	42,322	39,990	3,920	23,550	-	35,344
Ogemaw	154,130	50,286	142,919	61,497	8,557	37,455	-	125,231
Oscoda	65,061	20,039	36,568	48,532	2,701	4,766	-	62,996
Otsego	108,477	88,483	94,620	102,340	13,434	37,620	-	84,291
Presque Isle	75,221	22,256	5,450	92,027	3,367	3,366	-	75,222
Roscommon	524,550	74,697	72,090	527,157	11,202	22,979	-	512,773
Wexford	396,468	79,925	108,457	367,936	12,392	42,570	-	366,290
	5,413,044	1,568,386	2,720,209	4,261,221	240,837	801,421	-	4,852,460
PA2 Redirect								-
								4,852,460

PA2 Funds by County



Northern Michigan Regional Entity

Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds

Budget to Actual - ISF

October 1, 2022 through March 31, 2023

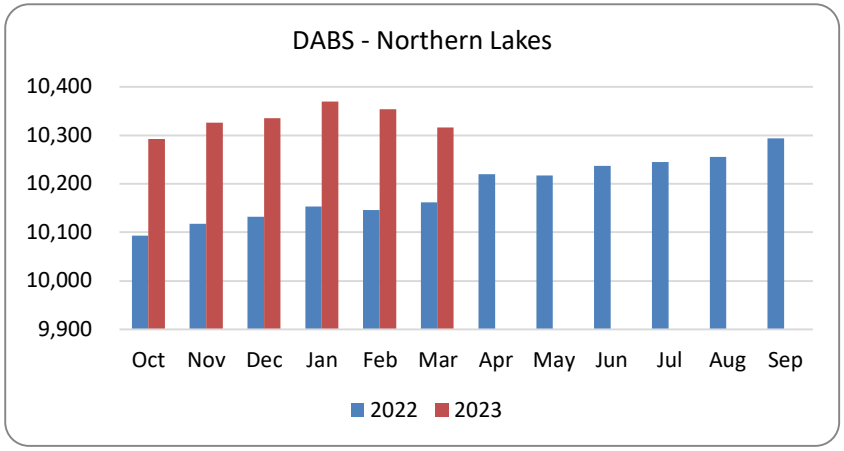
	Total Budget	YTD Budget	YTD Actual	Variance Favorable (Unfavorable)	Percent Favorable (Unfavorable)
Operating revenue					
Charges for services	$ -	$ -	$ -	$ -	0.00%
Interest and Dividends	7,500	3,750	4,051	301	8.03%
Total operating revenue	7,500	3,750	4,051	301	8.03%
Operating expenses					
Medicaid Services	-	-	-	-	0.00%
Healthy Michigan Services	-	-	-	-	0.00%
Total operating expenses	-	-	-	-	0.00%
CY Unspent funds	$ 7,500	$ 3,750	4,051	$ 301	
Transfers in			-		
Transfers out			-	-	
Unspent funds - beginning			16,369,542		
Unspent funds - ending			$ 16,373,593		

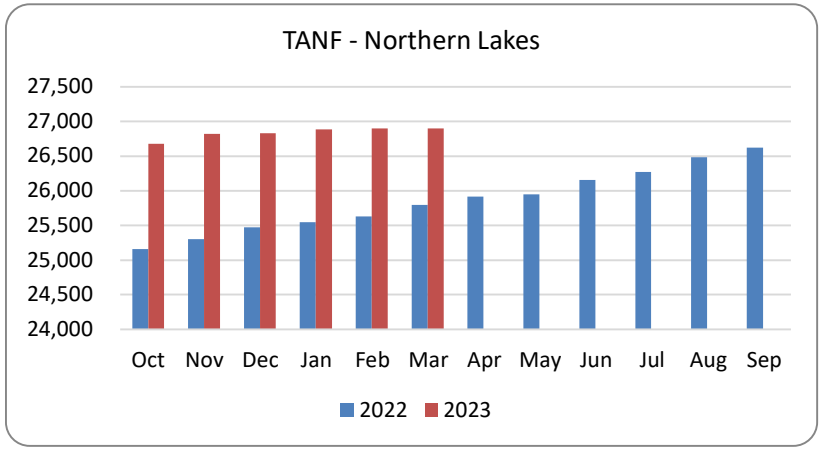
Northern Michigan Regional Entity

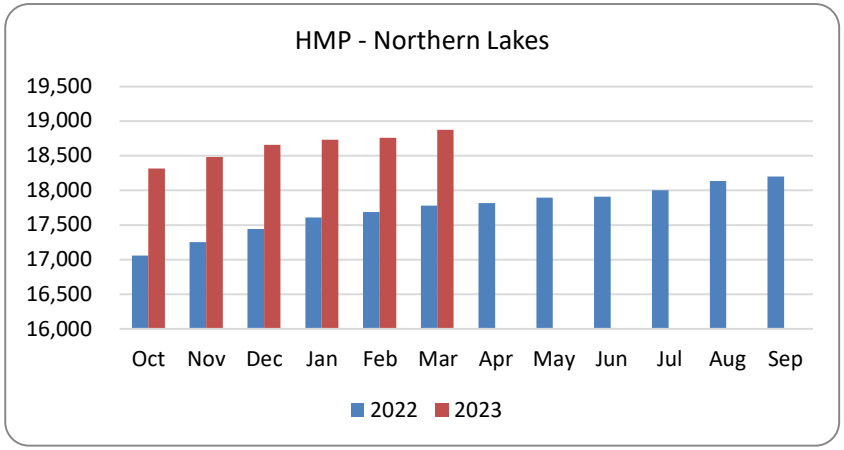
Narrative

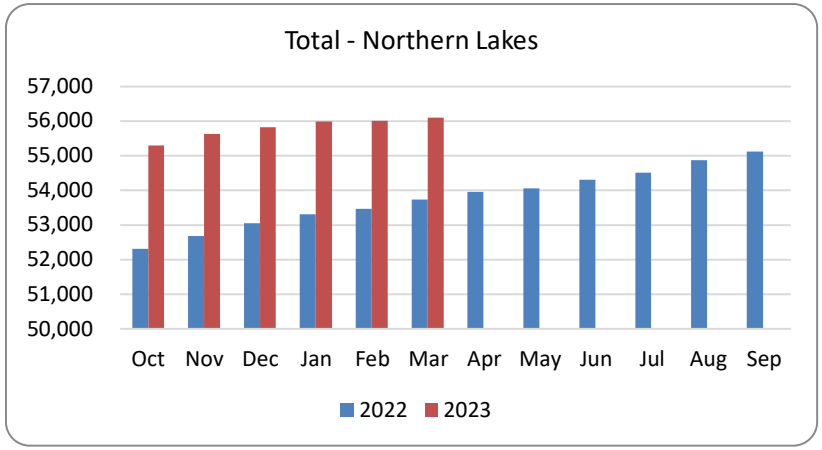
October 1, 2022 through March 31, 2023

Northern Lakes Eligible Members Trending - based on payment files







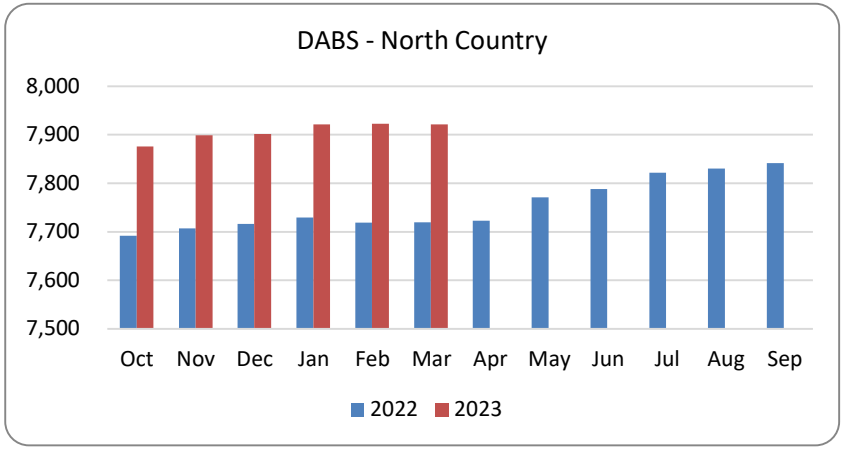


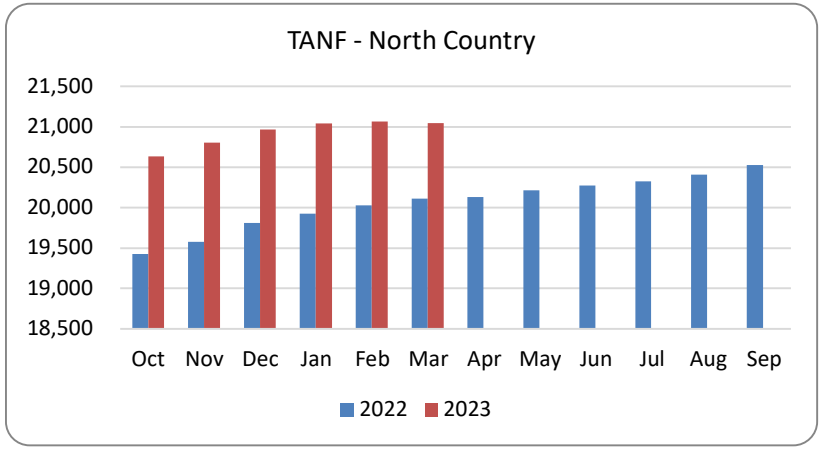
Northern Michigan Regional Entity

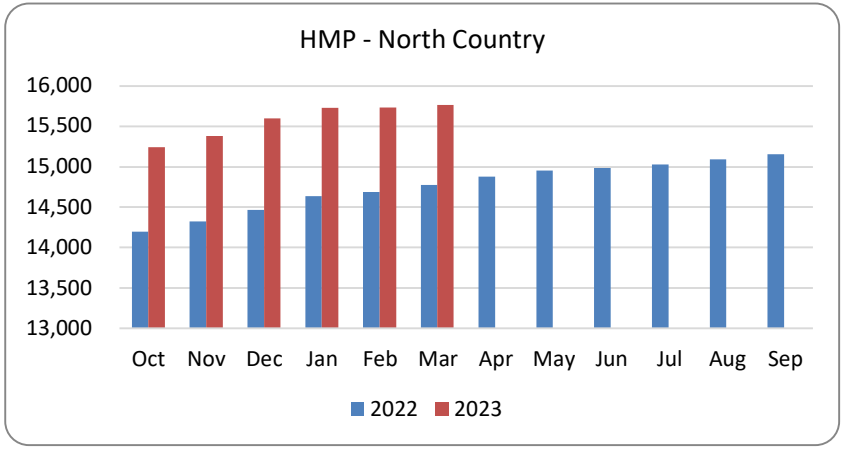
Narrative

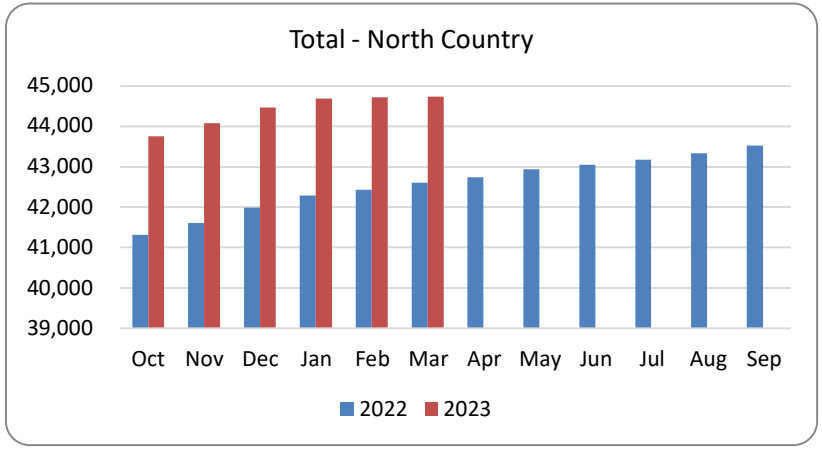
October 1, 2022 through March 31, 2023

North Country Eligible Members Trending - based on payment files







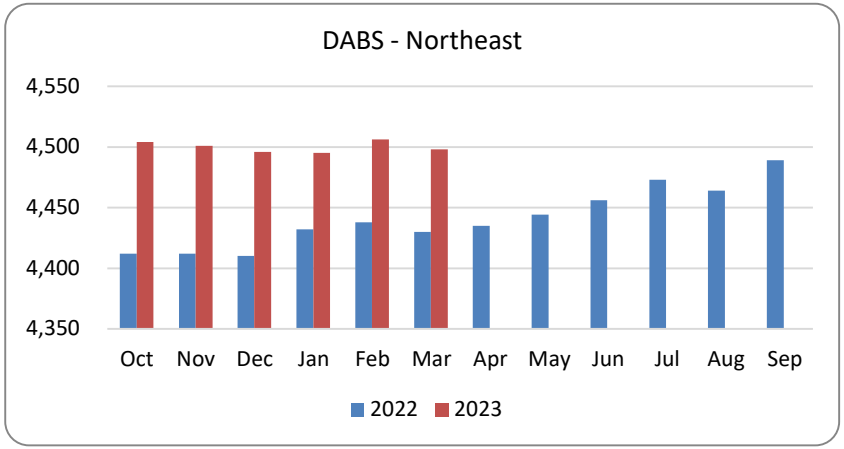


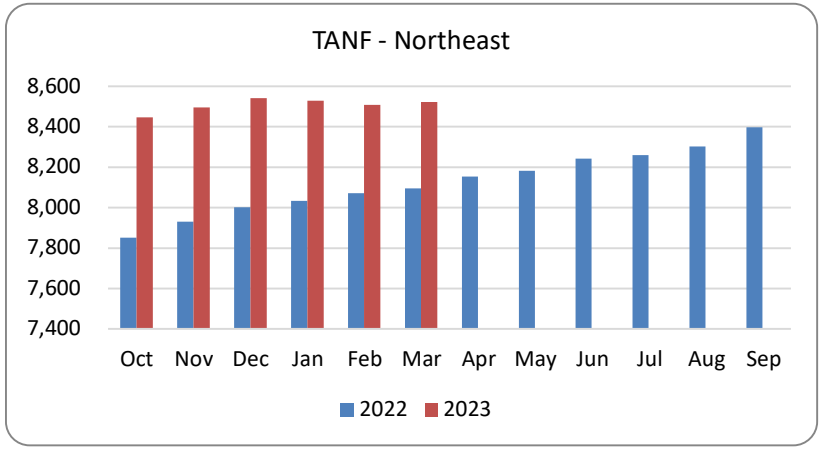
Northern Michigan Regional Entity

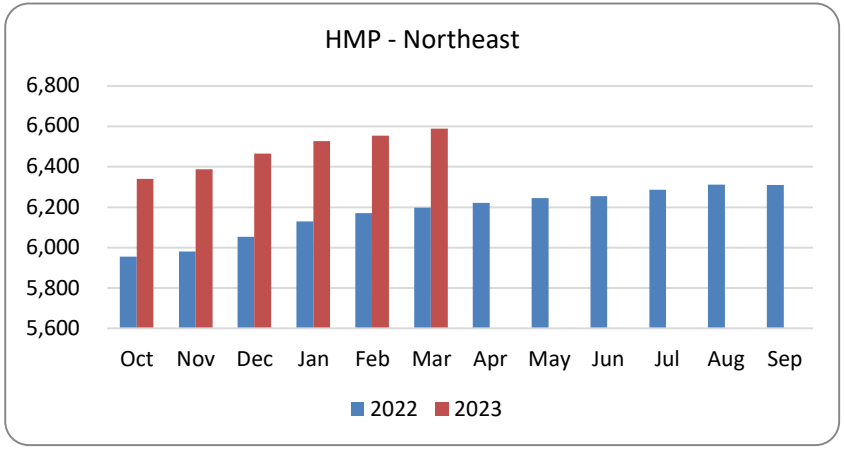
Narrative

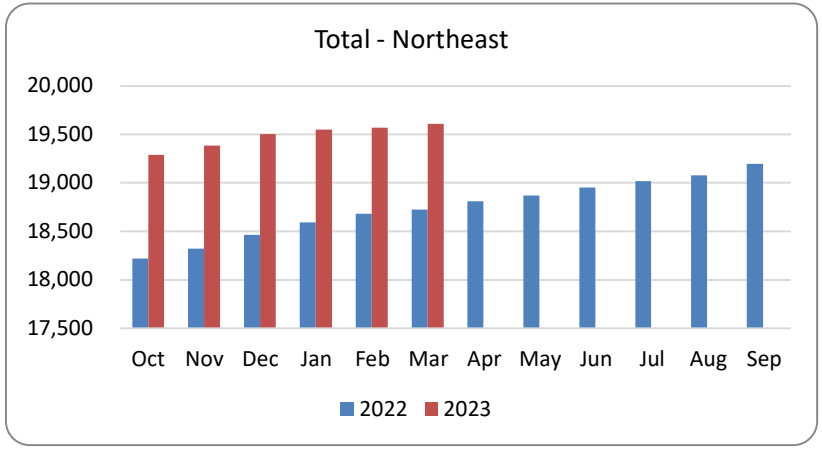
October 1, 2022 through March 31, 2023

Northeast Eligible Members Trending - based on payment files







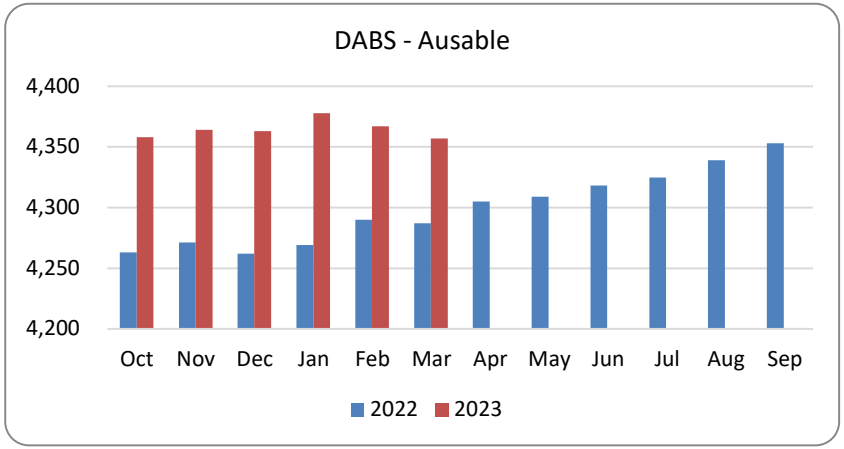


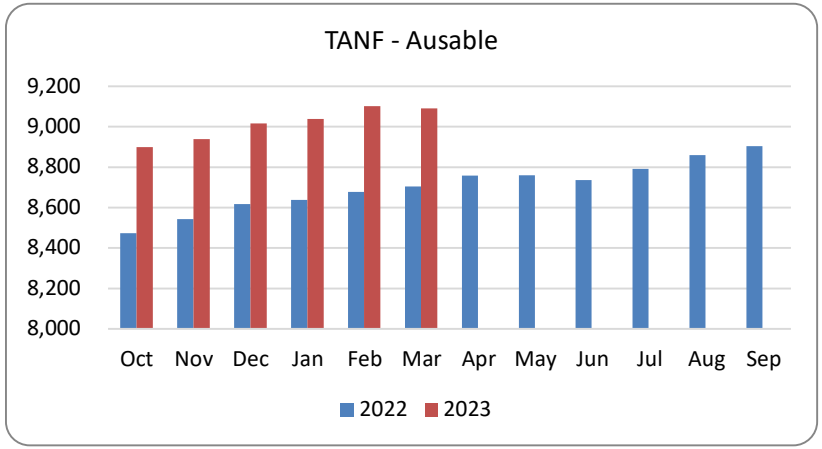
Northern Michigan Regional Entity

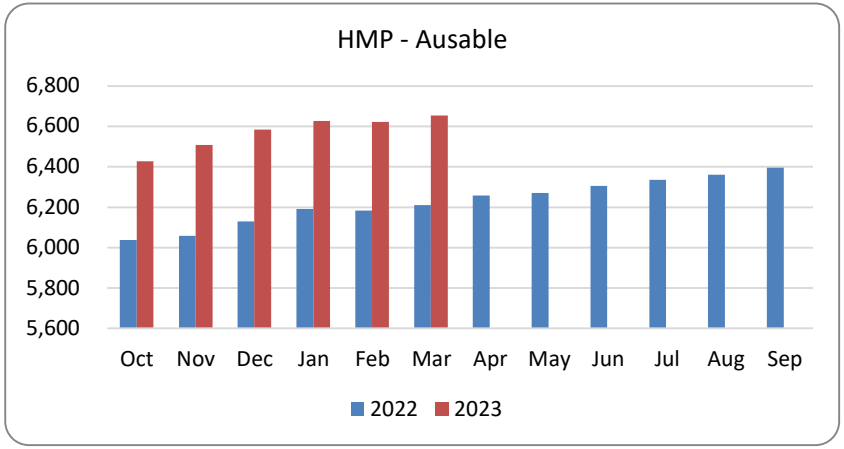
Narrative

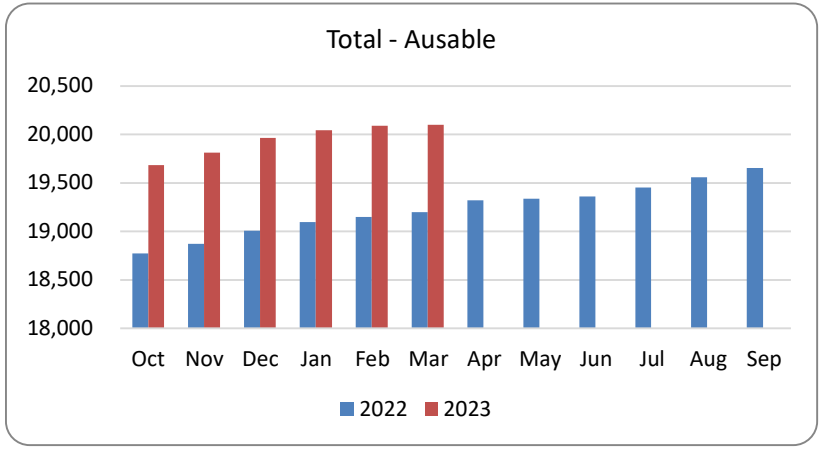
October 1, 2022 through March 31, 2023

Ausable Valley Eligible Members Trending - based on payment files







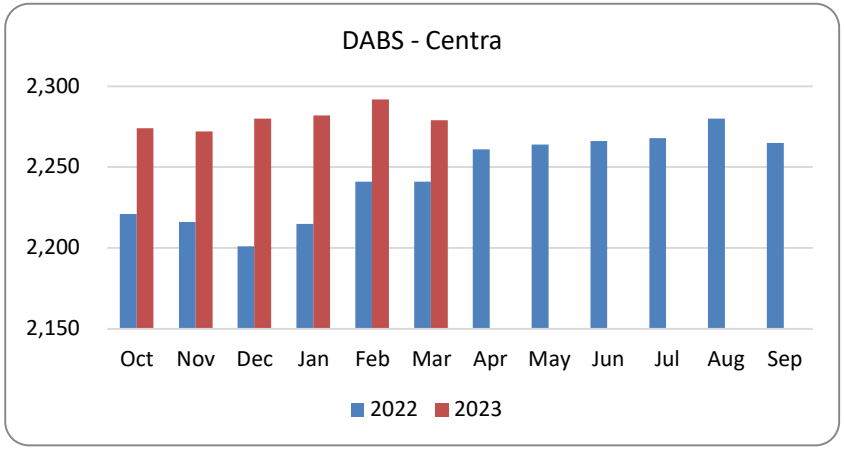


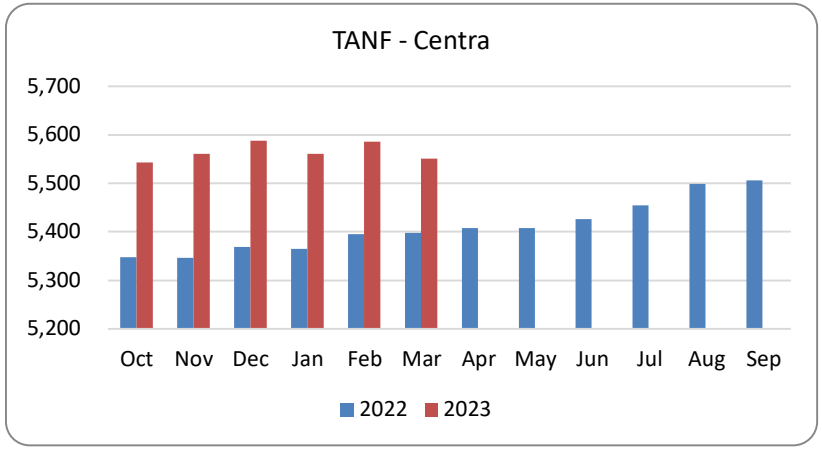
Northern Michigan Regional Entity

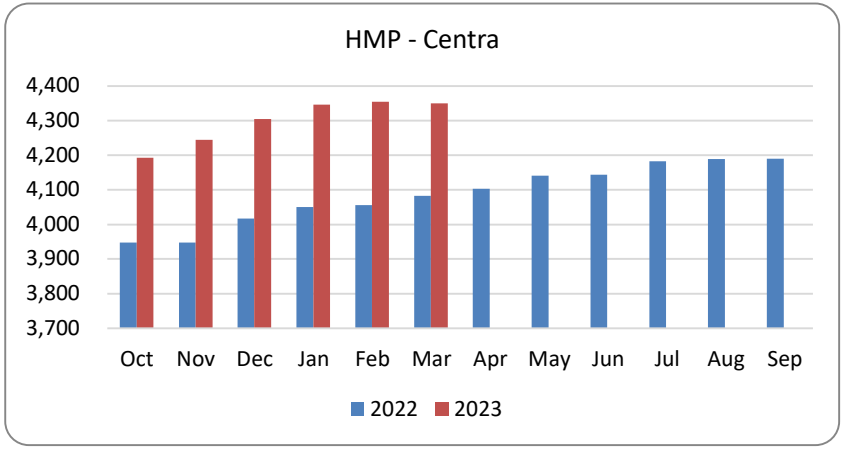
Narrative

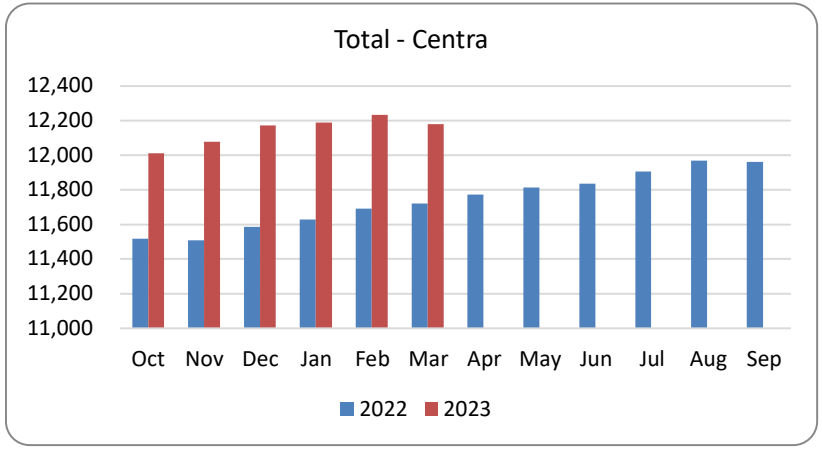
October 1, 2022 through March 31, 2023

Centra Wellness Eligible Members Trending - based on payment files







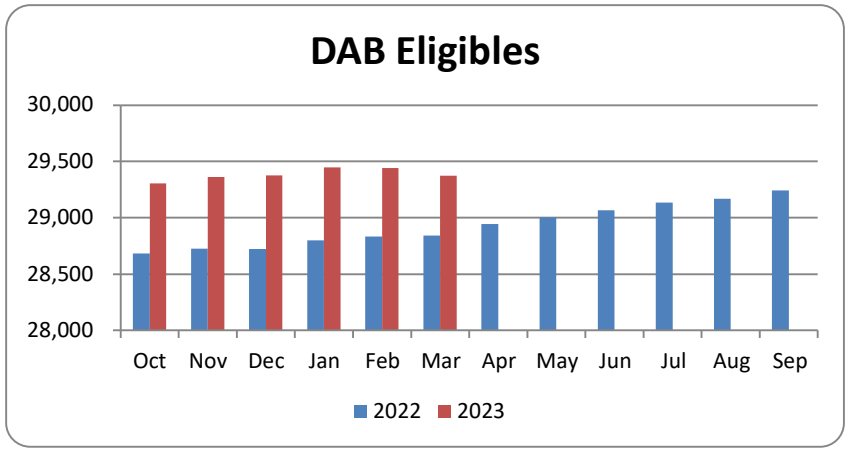


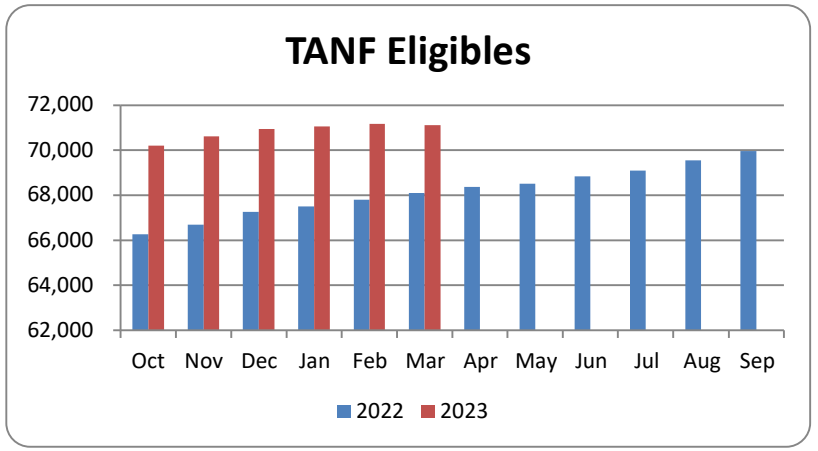
Northern Michigan Regional Entity

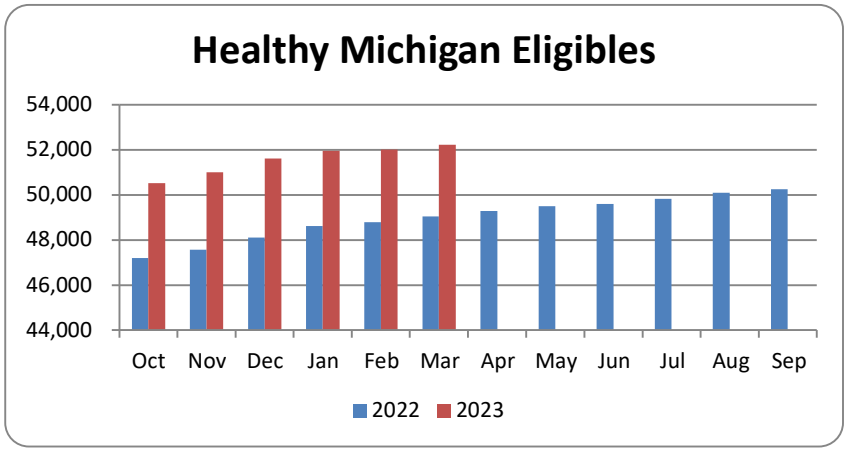
Narrative

October 1, 2022 through March 31, 2023

Regional Eligible Trending





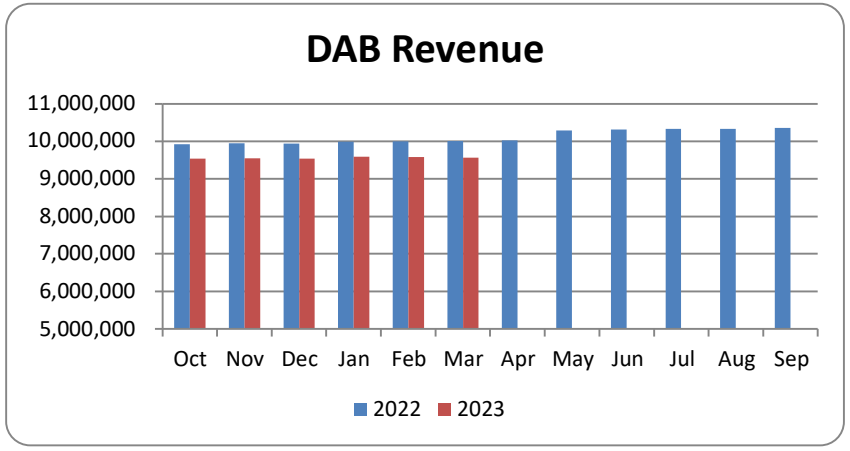


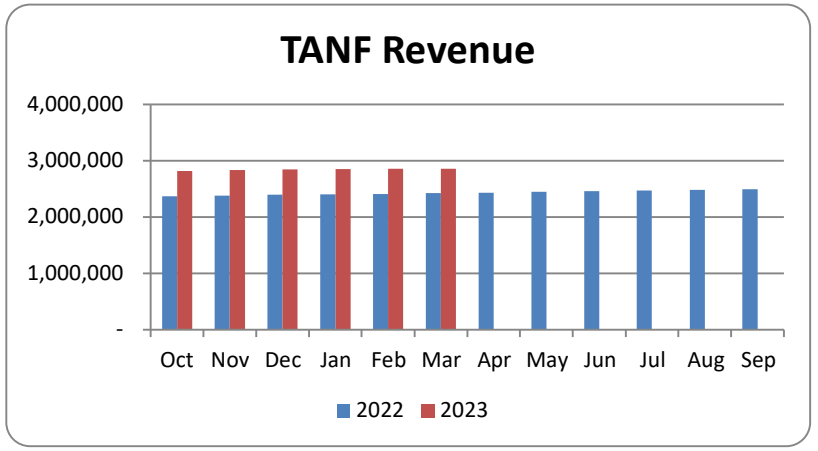
Northern Michigan Regional Entity

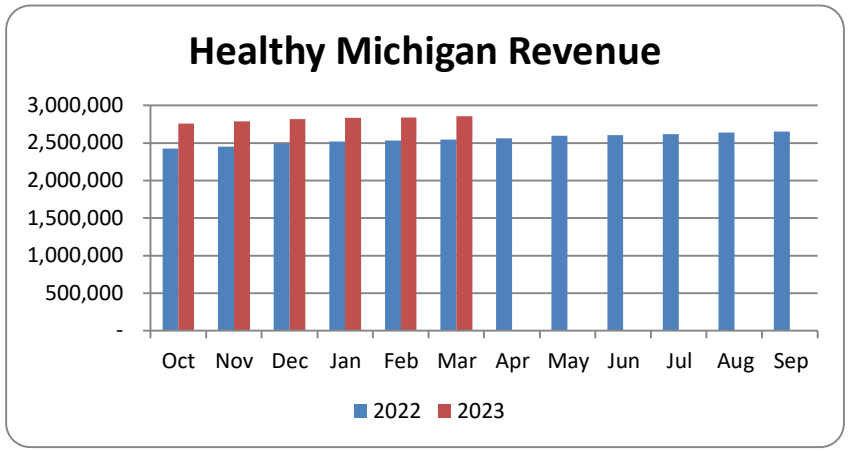
Narrative

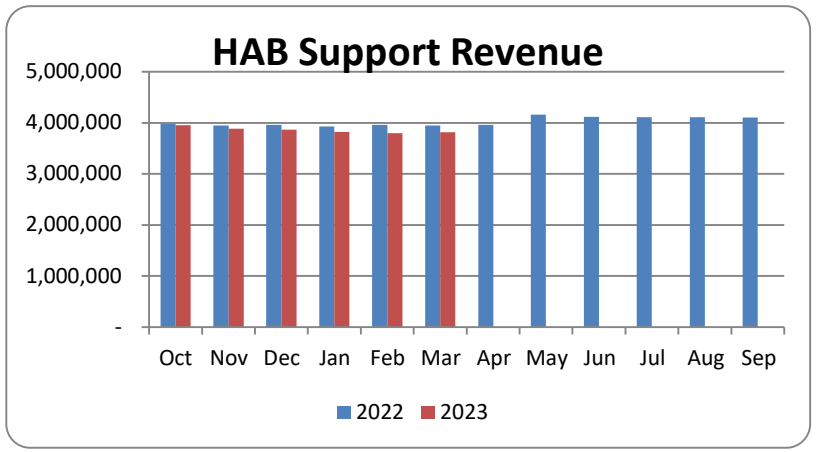
October 1, 2022 through March 31, 2023

Regional Revenue Trending









NORTHERN MICHIGAN REGIONAL ENTITY
OPERATIONS COMMITTEE MEETING
9:30AM – MAY 16, 2023
GAYLORD CONFERENCE ROOM

ATTENDEES:	**Brian Babbitt, Chip Johnston, Eric Kurtz, Diane Pelts Nena Sork, Carol Balousek**
ABSENT:	**Brian Martinus**

REVIEW OF AGENDA AND ADDITIONS
Ms. Pelts requested that a discussion about Carter Kits be added to the meeting agenda.

APPROVAL OF PREVIOUS MINUTES
The minutes from April 18th were included in the meeting materials.

MOTION BY DIANE PELTS TO APPROVE THE MINUTES OF THE APRIL 18, 2023 MINUTES OF THE NORTHERN MICHIGAN REGIONAL ENTITY OPERATIONS COMMITTEE; SUPPORT BY BRIAN BABBITT. MOTION CARRIED.

FINANCE COMMITTEE AND RELATED
March 2023

- Net Position showed net surplus Medicaid and HMP of $4,206,198. Budget stabilization was reported as $16,369,542. The total Medicaid and HMP Current Year Surplus was reported as $20,575,740. Medicaid and HMP combined ISF was reported as $16,369,542; the total Medicaid and HMP net surplus, including carry forward and ISF was reported as $36,945,282.
- Traditional Medicaid showed $98,795,368 in revenue, and $96,778,094 in expenses, resulting in a net surplus of $2,017,274. Medicaid ISF was reported as $9,306,578 based on the current FSR. Medicaid Savings was reported as $7,742,649.
- Healthy Michigan Plan showed $17,405,142 in revenue, and $15,216,218 in expenses, resulting in a net surplus of $2,188,924. HMP ISF was reported as $7,062,964 based on the current FSR. HMP savings was reported as $8,626,893.
- Health Home showed $1,109,075 in revenue, and $927,510 in expenses, resulting in a net surplus of $181,565.
- SUD showed all funding source revenue of $14,692,732, and $12,821,233 in expenses, resulting in a net surplus of $1,871,499. Total PA2 funds were reported as $4,852,460.

Mr. Kurtz noted that current revenue is running $2M over projections. The NMRE will likely close the current fiscal year with a fully funded ISF and a sizable lapse. The decrease in eligibles (due to redeterminations) may be offset by a potential rate increase for FY24.

MOTION BY BRIAN BABBITT TO RECOMMEND APPROVAL OF THE NORTHERN MICHIGAN REGIONAL ENTITY MONTHLY FINANCIAL REPORT FOR MARCH 2023; SUPPORT BY CHIP JOHNSTON. MOTION APPROVED.

FY24 Budget Stabilization/Revenue
The CMHSPs are working to identify one-time expenses. The impact of redeterminations likely won't be evident until the beginning of FY24. Mr. Babbitt asked the other CEOs if they are providing stability/retention payments to staff. Ms. Sork responded that Northeast MI would do something for staff at the end of the year. Ms. Pelts indicated that staff will be given a $500 incentive payment coinciding with upcoming holidays (Memorial, 4th of July, Labor Day). Provider stability payments are also being considered. Mr. Kurtz anticipates FY24 revenue to be close to FY23 revenue; FY25 revenue may be problematic.

REGIONAL TRAINING
A Pediatric Behavioral Health Summit is being planned for PIHP Regions 1 and 2 on October 4th at Treetops in Gaylord. The NMRE will explore additional opportunities to bring state required trainings to the north.

SPA AND JAIL SERVICES
A state plan amendment under title XIX of the Social Security Act has been issued that will provide authority to cover targeted case management (on a fee-for-service basis) for any individual who is 18 years of age and older that meets Medicaid eligibility requirements, has a chronic or complex physical or behavioral health care need, and was recently incarcerated in a prison or county jail. Mr. Johnston stated that the SPA, as currently written, is flawed.

CFA&P CMHAM LEGAL REVIEW
A legal opinion obtained related to conflict free access and planning (CFA&P) by attorney Adam Falcone (Feldesman, Tucker, Leifer, and Fidell) at the request of CMHAM was included in the meeting materials. Mr. Falcone asserted that MDHHS demonstrated an "arbitrary reversal" of position related to CFA&P. This position overlooks the fact that Michigan's situation qualifies for the regulatory exception to the CFA&P rule, which allows for different individuals from the same entities to furnish both eligibility decisions and care planning, if specified safeguards are established. Mr. Falcone further stated that for MDHHS to reverse its position on this issue, it would require, at a minimum, that MDHHS explain what motivated is change of position and offer stakeholders the opportunity to comment on this stance.

CMHA intends to pursue its advocacy against the state's CFA&P proposals.

DHHS 20 PIHP/MHP DRAFT CONTRACT
Per their Specialty Supports and Services Contracts with the State of Michigan, PIHPs are required to "have a written, functioning, Coordinating Agreements with each MHP serving any part of their service areas." The Coordination Agreement Outline of Required Elements document was included in the meeting materials for informational purposes. It was noted that Coordinating Agreements with MHPs have already been in place for many years.

PIHP DRAFT CONTRACT
The updated NMRE/CMHSP Contract was sent to the CEOs on May 15th. Mr. Johnston voiced support for the changes. His only concern had to do with using SCA methodology when Finance Officers complete the EQI. The regional finance committee had made the decision to select "no"

on the EQI attestation to indicate that the SCA methodology was not used. Mr. Kurtz noted that the EQI needs to have a column added to spread the administrative costs. The SCA also needs to be added to the CMHSPs' and not just the PIHPs'.

Mr. Babbitt indicated that Derek Miller from Roslund, Prestage & Company had offered to conduct a detailed comparison of the SCA methodology and 2 CFR part 200; this option will be pursued.

NMRE Provider Network Manager, Chris VanWagoner, will issue the Contracts to the CMHSPs with a term of June 1, 2023 – September 30, 2024.

ALPINE CRU

It was noted that the Alpine CRU in Gaylord has not been accepting placements since March 17th due to lack of staffing. Mr. Babbitt agreed to contact Jill LeBourdais to offer assistance. Previously, the NMRE had agreed to supply 1/12th payment to maintain the site, but that was declined by management.

MCLAREN INPATIENT

Accreditation for the 16-bed Cheboygan facility will fall under deemed status. The site is scheduled to open this month; CMS certification is pending. It was noted that the CMHSPs could place clients using general funds; the funding source could be retroactive to Medicaid after CMS certification and state licensing has been obtained.

RURAL MEETINGS

The next meeting of the Rural Mental Health Group is scheduled for May 26th at 11:00AM. Mr. Johnston met with representatives from the UP on May 9th; they expressed appreciation for having a larger network to share ideas with. A legislative champion is still being pursued; the UP legislators will be approached.

GRAND TRAVERSE COUNTY AND NORTHERN LAKES

The Enabling agreement passed (unanimously) through all six counties and will be filed with the six County Clerks. The Northern Lakes CMHA Board is still struggling. The next NLCMHA Board meeting is taking place on May 18th.

OTHER

- Mr. Sork spoke about a recent incident involving a youth from Alpena who was charged in connection with the attempted kidnapping. This led to a discussion about issues related to getting children/adolescents into inpatient hospitals (Hawthorne often refuses admissions). The suggestion was made to compile a regional list of youth who meet medical necessity criteria and have been denied hospitalization.

- It was noted that requests from counties to reimburse court-appointed guardians for recipients who also receive CMHSP services pursuant to Michigan FY23 Budget Section 950 may now be issued. It is still unclear what qualifies an individual as a "CMH client". This is a voluntary program.

- The expansion of Michigan's CCBHC State Demonstration initiative was discussed; PIHP Regions 1 and 2 will not be participating.

- Michigan L-Letter 23-34 providing clarification on Medicaid policy related to the reimbursement of services for children with intellectual/developmental disabilities (IDD) who are Residing in a Child Caring Institution (CCI) was discussed. CCIs are responsible for meeting the mental health needs of children in their care per their contracts with MDHHS.

- Ms. Pelts noted that Munson has been contacting Carter Kits for replacement items; she asked whether Munson could simply be provided with additional kits. This was approved.

- Ms. Pelts reminded the group that the five CMHSPs and the NMRE agreed to contribute silent auction items for the PAC campaign during the June Board Conference.

NEXT MEETING

The next meeting was scheduled for 9:30AM on June 20th in Gaylord.

Northern Michigan Regional Entity

Audit Presentation
May 24, 2023

RPC
Roslund Prestage & Company
CERTIFIED PUBLIC ACCOUNTANTS

RPC
Roslund Prestage & Company
CERTIFIED PUBLIC ACCOUNTANTS

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 Entity), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Entity'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 Entity, as of September 30, 2022, 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 Entity 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.

Change in Accounting Principle

As discussed in the notes to the financial statements, during 2022 the Entity adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

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 Entity'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,

Northern Michigan Regional Entity
Statement of Net Position
September 30, 2022

	Enterprise Funds			Internal Service Fund	Total
	Mental Health Operating	Substance Use Disorder	Total Enterprise Funds	Medicaid Risk Reserve	Proprietary Funds
Assets					
Current assets					
Cash and cash equivalents	$ 45,773,276	$ 5,644,557	$ 51,417,833	$ 16,369,542	$ 67,787,375
Due from affiliates	14,910,543	-	14,910,543	-	14,910,543
Due from State of Michigan	3,541,660	1,621,752	5,163,412	-	5,163,412
Due from other governmental units	-	5,931	5,931	-	5,931
Prepaid expenses	79,928	119,831	199,759	-	199,759
Total current assets	64,305,407	7,392,071	71,697,478	16,369,542	88,067,020
Noncurrent assets					
Capital assets being depreciated, net	125,002	-	125,002	-	125,002
Total assets	64,430,409	7,392,071	71,822,480	16,369,542	88,192,022
			Prior year total assets		62,089,452
Liabilities					
Current liabilities					
Accounts payable	16,310,132	1,699,678	18,009,810	-	18,009,810
Accrued payroll and related liabilities	98,198	-	98,198	-	98,198
Due to affiliates	1,390,939	100,836	1,491,775	-	1,491,775
Due to State of Michigan	27,358,176	178,512	27,536,688	-	27,536,688
Unearned revenue	16,370,502	-	16,370,502	-	16,370,502
Compensated absences, due within one year	25,814	-	25,814	-	25,814
Lease liability, due within one year	117,807	-	117,807	-	117,807
Total current liabilities	61,671,568	1,979,026	63,650,594	-	63,650,594
Noncurrent liabilities					
Compensated absences, due beyond one year	146,279	-	146,279	-	146,279
Lease liability, due beyond one year	9,969	-	9,969	-	9,969
Total noncurrent liabilities	156,248	-	156,248	-	156,248
Total liabilities	61,827,816	1,979,026	63,806,842	-	63,806,842
			Prior year total liabilities		37,245,249
Net position					
Net investment in capital assets	(2,774)	-	(2,774)	-	(2,774)
Restricted for Substance use disorder	-	5,413,045	5,413,045	-	5,413,045
Restricted for Medicaid risk management	-	-	-	9,306,578	9,306,578
Restricted for Healthy Michigan risk management	-	-	-	7,062,964	7,062,964
Restricted for Performance Bonus Incentive Pool	3,088,920	-	3,088,920	-	3,088,920
Unrestricted	(483,553)	-	(483,553)	-	(483,553)
Total net position	$ 2,602,593	$ 5,413,045	$ 8,015,638	$ 16,369,542	$ 24,385,180
Prior year net position	2,254,459	6,231,627	8,486,086	16,358,117	24,844,203

The notes to the financial statements are an integral part of this statement.

Northern Michigan Regional Entity
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended September 30, 2022

	Enterprise Funds			Internal Service Fund	
	Mental Health Operating	Substance Use Disorder	Total Enterprise Funds	Medicaid Risk Reserve	Total Proprietary Funds
Operating revenues					
Medicaid	$ 183,847,432	$ 4,755,998	$ 188,603,430	$ -	$ 188,603,430
Healthy Michigan	17,196,511	11,446,386	28,642,897	-	28,642,897
Health Home	1,414,703	-	1,414,703	-	1,414,703
Opioid Health Home	-	3,681,195	3,681,195	-	3,681,195
State and federal grants	99,798	4,985,161	5,084,959	-	5,084,959
Local match from affiliates	899,600	-	899,600	-	899,600
Public Act 2 revenues	-	1,523,119	1,523,119	-	1,523,119
Performance incentive bonus pool	3,088,920	-	3,088,920	-	3,088,920
Total operating revenues	206,546,964	26,391,859	232,938,823	-	232,938,823
			Prior year total operating revenues		219,866,916
Operating expenses					
PIHP Administration	2,810,134	631,255	3,441,389	-	3,441,389
Depreciation expense	115,386	-	115,386	-	115,386
Hospital rate adjuster	4,312,308	-	4,312,308	-	4,312,308
Incentive payments	2,801,252	-	2,801,252	-	2,801,252
Local match payments	899,600	-	899,600	-	899,600
Taxes on services	1,805,684	114,022	1,919,706	-	1,919,706
Expenses for services					
Medicaid	178,159,745	3,816,673	181,976,418	-	181,976,418
Healthy Michigan	16,969,135	8,957,402	25,926,537	-	25,926,537
Health Home	1,359,427	-	1,359,427	-	1,359,427
Opioid Health Home	-	3,444,017	3,444,017	-	3,444,017
SUD Block Grant	-	4,762,640	4,762,640	-	4,762,640
Public Act 2	-	2,341,701	2,341,701	-	2,341,701
Grants	99,800	76	99,876	-	99,876
Total operating expenses	209,332,471	24,067,786	233,400,257	-	233,400,257
			Prior year total operating expenses		217,956,172
Operating income (loss)	(2,785,507)	2,324,073	(461,434)	-	(461,434)
Non-operating revenues					
Interest income	-	-	-	7,476	7,476
Interest expense	(5,065)	-	(5,065)	-	(5,065)
Total non-operating revenues	(5,065)	-	(5,065)	7,476	2,411
Income (loss) before transfers	(2,790,572)	2,324,073	(466,499)	7,476	(459,023)
Transfers					
Transfer in	3,142,655	-	3,142,655	3,949	3,146,604
Transfer out	(3,949)	(3,142,655)	(3,146,604)	-	(3,146,604)
Total transfers	3,138,706	(3,142,655)	(3,949)	3,949	-
Change in net position	348,134	(818,582)	(470,448)	11,425	(459,023)
			Prior year change in net position		1,913,266
Net position, beginning of year	2,254,459	6,231,627	8,486,086	16,358,117	24,844,203
Net position, end of year	$ 2,602,593	$ 5,413,045	$ 8,015,638	$ 16,369,542	$ 24,385,180

The notes to the financial statements are an integral part of this statement.

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	24,958
Direct Care Worker	6,815,530
Health Home	87,353
Hab Supports Waiver	791,269
Medicaid Lapse	19,632,233
Opioid Health Home	178,512
SED Waiver	6,416
Veteran Navigator	417
Total	27,536,688

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	8,626,893
Medicaid Savings	7,742,649
Wellness Program	960
Total	16,370,502

NOTE 10 – LEASE LIABILITY

The Entity entered into a 2-year lease agreement as lessee for the use of the Walden Road building. An initial lease liability was recorded in the amount of $240,388 during the current fiscal year. As of year-end, the value of the lease liability was $127,776. The Entity is required to make monthly principal and interest payments of $9,630. The lease has an interest rate of 3.00%. The value of the right-to-use asset as of the end of the current fiscal year was $240,388 and had accumulated amortization of $115,386. The future principal and interest lease payments as of year-end were as follows:

Fiscal Year Ended September 30,	Principal	Interest	Total
2023	117,807	2,225	120,032
2024	9,969	50	10,019
Total	127,776	2,275	130,051

NOTE 15 – CONTINGENT LIABILITIES

Under the terms of various federal and state grants and regulatory requirements, the Entity 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 Entity expects such amounts, if any, to be immaterial.

NOTE 16 – ECONOMIC DEPENDENCE

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

NOTE 17 – TRANSFERS

The Substance Use Disorder Fund transferred $3,142,655 to Mental Health Operating Fund the during the year for the purpose of covering future risk related to services provided to Medicaid and Healthy Michigan eligible consumers.

The Mental Health Operating Fund transferred $3,949 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 18 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended September 30, 2022, the Entity implemented the following new pronouncement: GASB Statement No. 87, *Leases*.

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

NOTE 19 - UPCOMING ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 96, *Subscription-based Information Technology Arrangements,* was issued by the GASB in May 2020 and will be effective for the Entity's fiscal year ending September 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases,* as amended.

GASB Statement No. 101, *Compensated Absences*, was issued by the GASB in June 2022 and will be effective for the Entity'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