

**NORTHERN MICHIGAN REGIONAL ENTITY
BOARD OF DIRECTORS MEETING
10:00AM – FEBRUARY 25, 2026
GAYLORD BOARDROOM**

ATTENDEES:	Bob Adrian, Dave Freedman, Ed Ginop, Ron Iseler, Michael Newman, Ruth Pilon, Don Smeltzer, Don Tanner
VIRTUAL ATTENDEES:	Dana Labar, Eric Lawson
ABSENT:	Karen Goodman, Mary Marois, Jay O’Farrell, Chuck Varner
NMRE/CMHSP STAFF:	Bea Arsenov, Brian Babbitt, Jodie Balhorn, Carol Balousek, Brady Barnhill, Eugene Branigan, Amy Christie, Gail Grangood-Griffin, Lisa Hartley, Chip Johnston, Brooke Kleinert, Eric Kurtz, Brian Martinus, Heidi McClenaghan, Trish Otremba, Pamela Polom, Brandon Rhue, Sonya Russell, Nena Sork, Denise Switzer, Deanna Yockey, Lynda Zeller
PUBLIC:	Anonymous (2), Ann Friend, Genevieve Groover, Sarah Hegg, Terri Henderson, Larry LaCross, Tobias Neal, Rob Palmer, Kim Rappleyea, Justin Reed

CALL TO ORDER

Let the record show that Board Vice-Chairman, Don Tanner, called the meeting to order at 10:15AM as no quorum was present until that time.

ROLL CALL

Let the record show that Karen Goodman, Mary Marois Jay O’Farrell, and Chuck Varner were excused from the meeting on this date; all other NMRE Board Members were in attendance either in person or virtually.

PLEDGE OF ALLEGIANCE

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

ACKNOWLEDGEMENT OF CONFLICT OF INTEREST

Let the record show that no conflicts of interest to any of the meeting agenda items were declared.

APPROVAL OF AGENDA

Let the record show that no additions to the meeting agenda were requested.

MOTION BY DAVE FREEDMAN TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS MEETING AGENDA FOR FEBRUARY 25, 2026; SUPPORT BY RUTH PILON. MOTION CARRIED.

APPROVAL OF PAST MINUTES

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

MOTION BY BOB ADRIAN TO APPROVE THE MINUTES OF THE JANUARY 28, 2026 MEETING OF THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS; SUPPORT BY DAVE FREEDMAN. MOTION CARRIED.

CORRESPONDENCE

- 1) Document from the Community Mental Health Association of Michigan (CMHAM) titled, "Self Determination: Issues to be clarified and resolved," dated November 2022 – January 2023.
- 2) A memorandum dated January 26, 2026, from Kristin Morningstar (MDHHS) to PIHP Chief Executive Officers containing "Fiscal Year 2026 Reference Materials."
- 3) Email correspondence from Kristen Morningstar (MDHHS) dated February 2, 2026, announcing MDHHS Specialty Behavioral Health Staffing Changes.
- 4) Notification from the Department of Technology, Management, and Budget, Central Procurement Services dated January 29, 2026, canceling the Request for Proposal (250000002670) to procure Michigan's Prepaid Inpatient Health Plans.
- 5) Email correspondence from Robert Sheehan and Alan Bolter (CMHSM) dated February 11, 2026, outlining "CMHA Actions - Post Yates Opinion and RFP Withdrawal."
- 6) A memorandum from Kristen Morningstar (DHHS) dated February 6, 2026, to CMHSP and PIHP CEOs providing "Revised Clarification of Direct Care Worker Wage Increase."
- 7) Analysis from CMHAM providing an "Analysis of FY 2026 Medicaid Revenue and DCW Wage Related Costs."
- 8) Email correspondence from Alan Bolter (CMHSM) dated February 13, 2026, regarding "Governor's FY27 Executive Budget Recommendation."
- 9) Michigan's FY27 Executive Budget Proposal supplied by CMHAM.
- 10) Email correspondence dated February 10, 2026, from the MDHHS Actuarial Team providing notification to the NMRE of a FY25 gross adjustment in the amount of \$1,778,218.29.
- 11) Communication dated February 10, 2026 from NMRE financial auditors, Roslund, Prestage, and Co. to the NMRE Board of Directors extending Board Members the "opportunity to share any concerns they have regarding the NMRE, whether they be in relation to controls over financial reporting, controls over assets, or issues regarding personnel, as well as affording an opportunity for Board Members to ask any questions they have regarding the audit."
- 12) The draft minutes of the February 11, 2026, regional Finance Committee meeting.

Mr. Kurtz highlighted the Self-Determination document from CMHAM. Recommendations were provided to offer sound guidance to individuals served, their families and guardians, and the state's CMHSPs, PIHP, and providers in the wake of Waskul¹ settlement.

Mr. Kurtz next highlighted the cancellation of the RFP to procure the state's PIHPs by the MDHHS and DTMB. It is unknown whether a new RFP will be issued or the state will negotiate with PIHPs regarding contract disputes. The NMRE will continue business as usual and foster its growing relationship with NorthCare Network/Region 1 PIHP.

¹*Waskul v. Michigan Department of Health and Human Services* (2016) is a landmark case significantly impacting Michigan disability services. Approved in early 2025, it establishes a \$31/hour rate for caregivers (HSW SD CLS), enhances self-determination rights, and improves budgetary transparency.

The analysis of Medicaid review and DCW wage related costs by CMHAM shows a decline in revenue for all funding buckets. There is the possibility of a rate adjustment in May/June to account for declining enrollment. FY26 rates include funding for the direct care wage (DCW) increase, but not for the increase in minimum wage.

Mr. Lawson asked about the potential impact of the state's transition to a direct payment model for the state's Certified Community Behavioral Health Clinics (CCBHS). Mr. Kurtz responded that as of October 1, 2025, PIHPs no longer receive capitation payments for CCBHC services. Although two years remain on the CCBHC Demonstration; new programs are not being enrolled at present.

ANNOUNCEMENTS

Let the record show that Mark Surbrook, has been named as a new Board Member representing Wellvance.

Former NMRE Board Chair, Gary Klacking, has agreed to attend the March meeting to accept a Certificate of Appreciation from the Board.

PUBLIC COMMENT

Justin Reed shared that Traverse House Clubhouse will be celebrating 30 years with an upcoming celebration. The specific date will be shared when known and Board members were invited to attend.

REPORTS

Executive Committee Report

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

CEO Report

The NMRE CEO Monthly Report for February 2026 was included in the materials for the meeting on this date. Mr. Kurtz highlighted his participation in North Country CMHA's Board Planning Session on February 19th and thanked Mr. Babbitt and Mr. Ginop for the invitation.

December 2025 Financial Report

- Net Position showed a net surplus for Medicaid and HMP of \$1,076,685. Carry forward was reported as \$2,844,054. The total Medicaid and HMP current year surplus was reported as \$3,920,739. The total Medicaid and HMP Internal Service Fund was reported as \$20,590,089. The total Medicaid and HMP net surplus was reported as \$24,510,828.
- Traditional Medicaid showed \$58,028,278 in revenue, and \$56,307,679 in expenses, resulting in a net surplus of \$1,720,599. Medicaid ISF was reported as \$13,519,285 based on the current FSR. Medicaid Savings was reported as \$2,844,054.
- Healthy Michigan Plan showed \$6,831,249 in revenue, and \$7,475,163 in expenses, resulting in a net deficit of \$643,914. HMP ISF was reported as \$7,070,804 based on the current FSR. HMP savings was reported as \$0.
- Health Home showed \$831,806 in revenue, and \$666,620 in expenses, resulting in a net surplus of \$165,186.
- SUD showed all funding source revenue of \$5,483,035 and \$4,917,612 in expenses, resulting in a net surplus of \$565,. Total PA2 funds were reported as \$4,879,422.

PA2/Liquor Tax was summarized as follows:

Projected FY26 Activity			
Beginning Balance	Projected Revenue	Approved Projects	Projected Ending Balance
\$5,142,821	\$1,847,106	\$2,071,443	\$4,918,483

Actual FY26 Activity			
Beginning Balance	Current Receipts	Current Expenditures	Current Ending Balance
\$5,142,821	\$0	\$263,398	\$4,879,422

CMHSP Medicaid and surplus/(deficit) was summarized as follows:

	Centra Wellness	North Country	Northeast MI	Northern Lakes	Wellvance
Medicaid	\$437,421	\$853,652	\$849,902	(\$1,310,060)	\$804,337
HMP	(\$96,461)	(\$212,425)	\$96,426	(\$723,920)	(\$8,738)
Total	\$340,960	\$641,227	\$946,328	(\$2,033,970)	\$795,599

The NMRE’s FY25 Financial Status Report (FSR) is due to MDHHS on March 2nd. Reports have been received by four of the CMHSPs with an estimate provided by Northern Lakes which reduced the carry forward to \$2.8M.

No PA2 payments have been received to date for Quarter 1 of FY26.

A letter dated February 23, 2026, was distributed to the Board from Northern Lakes’ CEO, Lynda Zeller, in which a financial and operations update was provided.

Northern Lakes is in the process of correcting issues related to its financial accounts and reporting systems. In preparing the Final FSR, issues were identified that created a variance when compared to the Interim FSR, which have all been corrected. FY25 expenses are estimated to exceed revenue by \$12 million instead of the \$5.9 million initially reported in November.

Cost containment efforts will potentially amount to a \$5.3 million dollar savings for FY26. It was noted that the cost containment efforts implemented in July 2025 (\$3M) were not reflected in FY25 finances but are being realized in FY26.

Northern Lakes is strengthening its utilization management (UM) processes and tools to ensure that individuals are getting the right service, at the right time, with “discharge planning” beginning at admission.

MOTION BY DAVE FREEDMAN TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY MONTHLY FINANCIAL REPORT FOR DECEMBER 2025; SUPPORT BY ED GINOP. MOTION CARRIED.

Operations Committee Report

The draft minutes from the February 17, 2026, Operations Committee meeting were included in the materials for the meeting on this date. Topics discussed included those already addressed under the Financial Report.

NMRE SUD Oversight Committee Report

Let the record show that the next meeting of the NMRE Substance Use Disorder Oversight Committee is March 2, 2026, at 10:00AM.

NEW BUSINESS

Nominating Committee

Mr. Tanner appointed the following members to the Board Nominating Committee:
Don appointed the following members:

- Centra Wellness – Don Smeltzer
- North Country – Michael Newman
- Northeast Michigan – Bob Adrian
- Northern Lakes – Dave Freedman
- Wellvance – Jay O’Farrell

A meeting will occur prior to the March 25th Board Meeting. It was noted that Wellvance still has 1½ years remaining on its Chairmanship term; the Chair will then rotate to North Country CMHA.

OLD BUSINESS

CMHSP Updates

North Country CMHA’s Chief Clinical Officer, Amy Christie, announced that North Country has received a technology grant from MDHHS. During the next two years, North Country will develop access points (kiosks) in the community where individuals can request telehealth services visits.

Legal Actions Related to the PIHP Bid Out

Since MDHHS and DTMB have cancelled the RFP, the Attorney General’s office has submitted a motion to dismiss the associated lawsuits (25-000143-MB and 25-000162MB). A decision is expected on April 13th.

Regarding the lawsuit related to FY25 PIHP Contract language (24-000198-MZ), the only issue that remains is the 7.5% cap on the Internal Service Fund. Ideally, the state will be open to negotiations.

PRESENTATION

NMRE Regional Health Homes

NMRE Quality Manager, Heidi McClenaghan, reported on the NMRE’s Health Homes. (get updated presentation from Heidi)

Health Home programs provide coordinated, patient-centered care for Medicaid beneficiaries with serious mental illnesses (BHH) or specific substance use disorders (SUDHH), aiming to integrate physical and behavioral health, manage chronic conditions, and improve outcomes.

2014	2018	2020	2022	2025
Behavioral Health Home (BHH) begins in NMRE region	NMRE selected by MDHHS as pilot for Opioid Health Home (OHH)	BHH expanded to all five CMHSPs in the NMRE region	NMRE begins an Alcohol Health Home (AHH)	OHH expands to SUDHH to include alcohol and stimulant use disorders

Individuals (adults and children) with qualifying diagnoses, who are enrolled in Medicaid/HMP, and live within the NMRE region are eligible to participate in health home programs.

The NMRE's "Health Home Partners" include SUD Providers, CMHSPs, Federally Qualified Health Centers (FQHC), physicians' offices, Women's Health Clinics, and Health Care Systems.

Current enrollment shows 720 individuals enrolled in BHH and 990 enrolled in SUDHH.

COMMENTS

Board

Mr. Freedman thanked the NMRE and CMHSPs for their support, understanding, and patience as Northern Lakes restructures its finances.

Staff/CMHSP CEOs

Ms. Sork thanked Ms. Zeller for her detailed cost containment report.

Public

Larry LaCross, CEO of Catholic Human Services, thanked the NMRE for the collaborative, and supportive relationship between the two entities. CHS is working through state implemented guidance related to the Mental Health Framework.

NEXT MEETING DATE

The next meeting of the NMRE Board of Directors was scheduled for 10:00AM on March 25, 2026.

ADJOURN

Let the record show that Mr. Tanner adjourned the meeting at 11:38AM.