Northern Michigan Regional Entity

Board Meeting

June 25, 2025

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 – May 28, 2025	Pages 2 – 8
7.	Correspondence	Pages 9 – 27
8.	Announcements	
9.	Public Comments	
10.	Reports	
	a. Executive Committee Report – Has Not Met	
	b. CEO's Report – June 2025	Page 28
	c. Financial Report – April 2025	Pages 29 – 50
	d. Operations Committee Report – June 17, 2025	Pages 51 – 54
	e. NMRE SUD Oversight Board Report – Next Meeting is July 7, 2025	
11.	New Business	
12.	Old Business	
	a. Northern Lakes Update	
	b. FY25 PIHP Contract Injunction and Complaint - Update	
13.	Presentation	
	Quality Assessment and Performance Improvement Update	Pages 55 – 68
14.	Comments	
	a. Board	
	b. Staff/CMHSP CEOs	
	c. Public	
15.	Next Meeting Date – July 23, 2025 at 10:00AM	
16.	Adjourn	

Join Microsoft Teams Meeting

+1 248-333-6216 United States, Pontiac (Toll)

Conference ID: 497 719 399#

NORTHERN MICHIGAN REGIONAL ENTITY
BOARD OF DIRECTORS MEETING
10:00AM – MAY 28, 2025
GAYLORD BOARDROOM

ATTENDEES:	**Bob Adrian, Ed Ginop, K. Goodman, Gary Klacking, Mary Marois, Michael Newman, Gary Nowak, Jay O'Farrell, Ruth Pilon, Don Smeltzer, Don Tanner, Chuck Varner**
VIRTUAL ATTENDEES:	**Eric Lawson**
ABSENT:	**Tom Bratton, Karla Sherman**
NMRE/CMHSP STAFF:	**Bea Arsenov, Brian Babbitt, Carol Balousek, Brady Barnhill, Melissa Bentgen, Eugene Branigan, Ann Friend, Kevin Hartley, Lisa Hartley, Chip Johnston, Eric Kurtz, Stacy Maiville, Brian Martinus, Brie Molaison, Diane Pelts, Brandon Rhue, Nancy Rhue, Nena Sork, Denise Switzer, Deanna Yockey**
PUBLIC:	**Anonymous (3), Erin Barbus, Dave Freedman, Genevieve Groover, Christina Schaub**

CALL TO ORDER
Let the record show that Board Chairman, Gary Klacking, called the meeting to order at 10:00AM.

ROLL CALL
Let the record show that Tom Bratton and Karla Sherman were excused from the meeting on this date. All NMRE Board Members were in attendance either virtually or in Gaylord.

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

ACKNOWLEDGEMENT OF CONFLICT OF INTEREST
Let the record show that no conflicts of interest to any of the meeting Agenda items were declared.

APPROVAL OF AGENDA
Let the record show that the PIHP Bid Out was added under "New Business."

MOTION BY DON TANNER TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS MEETING AGENDA FOR MAY 28, 2025 AS AMENDED; SUPPORT BY CHUCK VARNER. MOTION CARRIED.

APPROVAL OF PAST MINUTES
Let the record show that the April minutes of the NMRE Governing Board were included in the materials for the meeting on this date.

MOTION BY DON TANNER TO APPROVE THE MINUTES OF THE APRIL 23, 2025 MEETING OF THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS; SUPPORT BY JAY O'FARRELL. MOTION CARRIED.

CORRESPONDENCE

1) Article from Pew Research Center dated May 15, 2025 titled, "Michigan Models New Approach to Treating Alcohol and Stimulant Use Disorders: Policymakers Expand Opioid Use Disorder Health Homes, Improve Care for People with Other Substance Use Disorders."
2) Infographic from the Community Mental Health Association of Michigan (CMHAM) titled, "Drivers of Budget Shortfalls in Michigan's Public Mental Health System."
3) A letter from Bay Arenac Behavioral Health to Elizabeth Hertel, Director of the Michigan Department of Health and Human Services (MDHHS), dated May 1, 2025, encouraging MDHHS direct outreach to counties prior to any final PIHP procurement decisions.
4) A letter from Terry Pechacek, the Chair of the Centra Wellness Board of Directors, to NMRE Board Chair, Gary Klacking, dated May 12, 2025, supporting Mr. Klacking and Mr. Kurtz in "taking all necessary steps to protect the solvency of the NMRE and maintain a strong internal service fund (ISF)."
5) Notice from the NMRE of a Request for Proposals (RFP) for SUD Prevention providers for Benzie, Grand Traverse, Kalkaska, Leelanau, Manistee, Missaukee, and Wexford Counties for fiscal year 2026.
6) Email correspondence from CMHAM CEO, Robert Sheehan, dated May 9, 2025, opposing MDHHS's plan to pay the full Prospective Payment System (PPS) payment directly to the state's PIHPs beginning in fiscal year 2026.
7) The draft minutes of the May 14, 2025 regional Finance Committee meeting.

Mr. Kurtz drew attention to the article from Pew Research Center in which NMRE Quality Manager, Heidi McClenaghan, was quoted about the Substance Use Disorder (SUD) Health Home program for alcohol, opioid, and stimulant use disorders.

Mr. Kurtz acknowledged the letter from Terry Pechacek, the Chair of the Centra Wellness Board of Directors and the memorandum addressing the NMRE's Request for Proposals (RFP) for SUD Prevention providers.

ANNOUNCEMENTS

Let the record show that new Board Member, Dana Labar, appointed by Northeast Michigan Community Mental Health Authority, was introduced.

PUBLIC COMMENT

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

REPORTS

Executive Committee Report

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

CEO Report
The NMRE CEO Monthly Report for May 2025 was included in the materials for the meeting on this date. Mr. Kurtz highlighted his presentation to the Northeast Michigan CMHA Board of Directors during its May 8th Strategic Planning Meeting and the NMRE's Day of Education on May 22nd.

March 2025 Financial Report
- Net Position showed a net deficit for Medicaid and HMP of $823,262. Carry forward was reported as $736,656. The total Medicaid and HMP Current Year surplus was reported as $1,559,918. The total Medicaid and HMP Internal Service Fund was reported as $20,576,156. The total Medicaid and HMP net surplus was reported as $22,136,074.
- Traditional Medicaid showed $105,664,242 in revenue, and $103,225,423 in expenses, resulting in a net surplus of $2,438,819. Medicaid ISF was reported as $13,514,675 based on the current FSR. Medicaid Savings was reported as $0.
- Healthy Michigan Plan showed $13,276,682 in revenue, and $14,892,239 in expenses, resulting in a net deficit of $1,615,557. HMP ISF was reported as $7,068,394 based on the current FSR. HMP savings was reported as $736,656.
- Health Home showed $1,690,492 in revenue, and $1,336,532 in expenses, resulting in a net surplus of $353,960.
- SUD showed all funding source revenue of $14,356,224 and $11,138,267 in expenses, resulting in a net surplus of $3,217,957. Total PA2 funds were reported as $4,970,104.

PA2/Liquor Tax was summarized as follows:

Projected FY25 Activity			
Beginning Balance	Projected Revenue	Approved Projects	Projected Ending Balance
$4,765,231	$1,847,106	$2,150,940	$4,461,397

Actual FY25 Activity			
Beginning Balance	Current Receipts	Current Expenditures	Current Ending Balance
$4,765,231	$835,755	$630,882	$4,970,104

A PIHP rate setting meeting is scheduled for May 29th. The state is expected to announce that it is pulling Certified Community Behavioral Health Clinics (CBHC) out of the PIHP prospective payment system (PPS); the PPS would then flow directly to the CCBHCs.

Ms. Yockey drew attention to the drop in Medicaid eligibles in FY25, particularly in the Disabled, Aged, and Blind (DAB) category. It was noted that DABs are paid at a rate of $391 versus $66 for Healthy Michigan Plan (HMP) and $51 for Temporary Assistance for Needy Families (TANF). Despite the decline in eligibles, revenue has increased due to a slight increase in rates.

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

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

"Nay" Votes: Nil

MOTION CARRIED.

Operations Committee Report
The draft minutes from May 13, 2025 were included in the materials for the meeting on this date.

CMHSP Cost Containment Plans
The NMRE received cost containment plans from the five member CMHSPs by the May 1st deadline. All but Northern Lakes' plan were approved by their respective Boards of Directors. Northern Lakes' plan was presented to its Board on May 15th; however, additional information was requested. It is expected to be approved during a special meeting of the Board on June 9th.

NMRE SUD Oversight Committee Report
The draft minutes from May 5, 2025 were included in the materials for the meeting on this date. Liquor tax requests will be presented for approval under the following agenda item.

NEW BUSINESS
PA2 Requests
The following liquor tax requests were recommended for approval by the NMRE Substance Use Disorder Oversight Committee on My 5, 2025.

	Requesting Entity	Project	County	Amount
1.	Charlevoix County Jail	Individual Counseling	Charlevoix	$21,000

	Requesting Entity	Project	County	Amount
2.	Community Recovery Alliance	Community Center and Peer Services	Emmet	$103,509

MOTION BY CHUCK VARNER TO APPROVE THE REQUESTS FROM THE CHARLEVOIX COUNTY JAIL AND COMMUNITY RECOVERY ALLIANCE IN THE TOTAL AMOUNT OF ONE HUNDRED TWENTY-FOUR THOUSAND FIVE HUNDRED NINE DOLLARS ($124,509.00); SUPPORT BY DON TANNER. MOTION CARRIED. ROLL CALL VOTE.

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

"Nay" Votes: Nil

MOTION CARRIED.

NMRE Compliance Plan
The NMRE's "Compliance Program Description and Workplan for Fiscal Year 2025" was included in the materials for the meeting on this date.

NMRE Compliance and Customer Services Officer, Brie Molaison, drew the Board attention to the goals portion of the FY25 Compliance Workplan.

Goal 1. Strengthen the quarterly reporting elements to the Office of the Inspector General (OIG).
Goal 2. Provide deeper review of trends discovered during the Medicaid Encounter Verification (MEV).
Goal 3. Strengthen compliance with federal and state laws regarding Adverse Benefit Determinations (ABD) sent to beneficiaries of the NMRE region.
Goal 4. Update training material.
Goal 5. Create new policies and procedures, if needed, and update some existing policies to ensure the effectiveness of the Compliance Program.

It was noted that several objectives were listed under each goal. Mr. Labar commented that goals should be measurable and provide specific targets/percentages. Mr. Kurtz responded that the NMRE is required to provide specific data on a number of other measures (performance indicators, HEDIS, performance bonus incentive program standards).

MOTION BY BOB ADRIAN TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY COMPLIANCE PROGRAM DESCRIPTION AND WORKPLAN FOR FISCAL YEAR 2025; SUPPORT BY DON SMELTZER. MOTION CARRIED. Bob/Don S.

PIHP Bid Out
The anticipated PIHP RFP requirements, PIHP map (3 Regions), and a letter from the Michigan Association of Counties (MAC) to Governor Whitmer expressing strong concerns with MDHHS' proposal to solicit bids for the state's Prepaid Inpatient Health Plan (PIHP) contracts were distributed to Board Members on this date. MDHHS plans to issue a competitive procurement process for PIHPs in the summer of 2025, with the intent of a service start date of October 1, 2026. It was noted that current public entities are excluded from bidding. Potential contractors will be required to have a separate and distinct board structure that is not shared with any contracted provider entity.

Mr. Kurtz acknowledged that similar efforts have failed in the past. CMHAM is encouraging the public to contact legislators to oppose the PIHP procurement process. Opposition is occurring by means of a three-prong approach: legal, political, and financial.

OLD BUSINESS
Northern Lakes CMHA Update
Mr. Kurtz and Mr. Tanner attended County Administrators' Dispute Resolution meetings on April 25th and May May 12, as required by the Northern Lakes CMHA Enabling Agreement. The County Administrators expressed concern about the ongoing forensic investigation and the fact that the Northern Lakes CMHA Board did not pass a balanced budget for FY25. Clarification was made that the counties (Crawford, Grand Traverse, Leelanau, Missaukee, Roscommon, and Wexford) are responsible for any financial deficit incurred by NLCMHA. An approved cost containment plan is needed to avoid further action.

Ms. Pelts asked Mr. Kurtz to address the impact of Northern Lakes' current spending on the other four member CMHSPs. Mr. Kurtz explained that Northern Lakes will likely be $8M - $9M overspent this year. The deficit will need to be paid using the NMRE's Internal Service Fund (ISF), which is

intended for risk. The NMRE has no mechanism to build back the ISF. This means that although the other CMHSPs have contributed to the ISF, there will be no funds available to them in the future if Northern Lakes CMHA spending continues at its current rate.

Mr. Kurtz announced that Mr. Martinus' term as Interim CEO will end on June 30, 2025.

FY25 PIHP Contract Injunction and Complaint Update
The complaint filed by Taft, Stettinius & Hollister, LLP, on behalf of Northcare Network Mental Health Care Entity, Northern Michigan Regional Entity, Community Mental Health Partnership of Southeast Michigan, and Region 10 PIHP (Plaintiffs) against the State of Michigan, State of Michigan Department of Health and Human Services, a Michigan State Agency, and its Director, Elizabeth Hertel, in her official capacity (Defendants) is currently in a waiting period pending the appointed judge's decision.

PRESENTATION
FY24 Compliance Audit
Christina Schaub, CPA with Roslund, Prestage, and Company, was in attendance via Teams to present to present the results of the NMRE's FY24 Financial Audit. Ms. Schaub provided the following opinion:

> "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, 2024, 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, 2024, 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."

Ms. Schaub thanked the NMRE Team for their work and assistance in completing the audit.

MOTION BY CHUCK VARNER TO ACCEPT THE NORTHERN MICHIGAN REGIONAL ENTITY'S FISCAL YEAR 2024 FINANCIAL AUDIT REPORT BY ROSLUND, PRESTAGE, AND COMPANY, PC AS PRESENTED AND REVIEWED ON THIS DATE; SUPPORT BY DON SMELTZER/ MOTION CARRIED.

COMMENTS
Board
Mr. Tanner commented that Mr. Martinus was placed as Interim CEO of Northern Lakes CMHA to "right the ship." He encouraged the NLCMHA Board to recognize Mr. Martunus' talents and role and support the cost containment recommendations.

Mr. Smeltzer noted that, regarding Northern Lakes CMHA, there is not always one right answer, but the Board needs to make a policy choice. Time will tell if it is right.

Staff/CMHSP CEOs
Mr. Kurtz thanked the CMHSP CEOs for the efforts put into their cost containment plans.

Mr. Johnston shared that he is gathering information regarding the history of the public mental health system to post to the CMHAM website.

NEXT MEETING DATE
The next meeting of the NMRE Board of Directors was scheduled for 10:00AM on June 25, 2025.

ADJOURN
Let the record show that Mr. Klacking adjourned the meeting at 11:35AM.

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850

May 8, 2025

Meghan Groen, Medicaid Director
Michigan Department of Health and Human Services
400 South Pine Street
Lansing, MI 48913

Dear Meghan Groen:

In accordance with 42 CFR 438.6(c), the Centers for Medicare & Medicaid Services (CMS) has reviewed and is approving Michigan's submission of a proposal for delivery system and provider payment initiatives under Medicaid managed care plan contracts. The proposal was received by CMS on September 24, 2024. Revised preprints were received by CMS on January 6, 2025 and April 1, 2025 and a final revised preprint was received on April 28, 2025. The proposal has a control name of MI_Fee_BHI_Renewal_20241001-20250930**.**

CMS has completed our review of the following Medicaid managed care state directed payment(s):

Uniform dollar increase for psychiatric inpatient days for the rating period covering October 1, 2024 through September 30, 2025 incorporated in the capitation rates through a separate payment term of up to $297,800,000.

This letter satisfies the regulatory requirement in 42 CFR 438.6(c)(2) for state directed payments described in 42 CFR 438.6(c)(1). This letter pertains only to the actions identified above and does not apply to other actions currently under CMS's review. This letter does not constitute approval of any specific Medicaid financing mechanism used to support the non-federal share of expenditures associated with these actions. All relevant federal laws and regulations apply. CMS reserves its authority to enforce requirements in the Social Security Act and the applicable implementing regulations. The state is required to submit contract action(s) and related capitation rates that include all state directed payments.

All state directed payments must be addressed in the applicable rate certifications. CMS recommends that states share this letter and the preprint(s) with the certifying actuary. Documentation of all state directed payments must be included in the initial rate certification as outlined in Section I, Item 4, Subsection D, of the Medicaid Managed Care Rate Development Guide. The state and its actuary must ensure all documentation outlined in the Medicaid Managed Care Rate Development Guide is included in the initial rate certification. Failure to provide all required documentation in the rate certification will cause delays in CMS review. The Medicaid Managed Care Rate Development Guide includes specific requirements associated with the use of separate payment terms. If the total amount of the separate payment term is exceeded from what is documented in the preprint or the payment methodology changes, CMS requires the state to submit a state directed payment preprint amendment. If the separate payment term amount documented within the rate certification exceeds the separate payment term amount documented in the preprint, the state is required to submit a rate certification amendment.

If you have any questions concerning this letter, please contact StateDirectedPayment@cms.hhs.gov.

Sincerely,

JESSICA M. HICKEY -S

Digitally signed by JESSICA M. HICKEY -S
Date: 2025.05.08 12:12:25 -05'00'

Jessica Hickey
Acting Deputy Director, Division of Managed Care Policy
Center for Medicaid and CHIP Services

email correspondence

Cc: Robert Sheehan; Alan Bolter
Subject: CMHA concerns related to recent MDHHS announcement: Advancing Person-Centered Mental Health Care in Michigan's CHCP
Date: Thursday, June 12, 2025 2:14:23 PM

To: CEOs of CMHs, PIHPs, and Provider Alliance members
CC: CMHA Officers; Members of the CMHA Board of Directors and Steering Committee; CMH & PIHP Board Chairpersons
From: Robert Sheehan, CEO, CMH Association of Michigan
Re: CMHA concerns related to recent MDHHS announcement: Advancing Person-Centered Mental Health Care in Michigan's CHCP

As it may have you, this recent announcement of the Mental Health Framework caught us by surprise.

You may remember that in January of this year, and again in February of this year, in follow up to the discussion of the MDHHS proposed Mental Health Framework at the January CMHA Directors Forum, CMHA requested a meeting with MDHHS leadership, along with a small group of CMHSP and PIHP leaders, assembled by CMHA, to discuss the emerging Mental Health Framework. That meeting never occurred.

Seeing this announcement, CMHA reached out, earlier today, to MDHHS leadership, repeating our call for such a meeting – a meeting that would center around the number of significant issues that are raised by this Framework. The initial list of issues is provided below.

Issues raised by recent announcement of CHCP mental health framework:

- The connection of the framework components to the aim of the effort is not clear.
- The events or patterns that are leading to this proposal are unknown.
- The service modalities being moved to the private Medicaid Health Plans are those provided to persons with more complex mental health needs, with which the state's CMHSPs, PIHPs, and providers in their networks have expertise and decades of experience.
- This bifurcation of benefit management of this range of inpatient community-based services makes an already complex system much more complex.
- The movement of the management of the psychiatric inpatient benefit, crisis residential services, partial hospitalization services, and targeted case management for persons with mild to moderate conditions, to the private Medicaid Health Plans delinks the current highly coordinated community-based mental health system, operated by the public mental health system (CMHSPs, PIHPs, providers in the CMHSP and PIHP networks).
- These services are spelled out, in the Michigan Mental Health Code, as the sole responsibility of the state's CMHSPs.
- Sound clinical decisions related to this array of services can only be made with a working knowledge and access to the full array of services, provided by the state's CMHSPs and their providers, including alternatives to these levels of care.
- The Framework structure will add significant administrative complexity and burdens to the state's CMHSPs, PIHPs, psychiatric hospitals and wards, hospital emergency departments, and, most importantly, to the lives of persons served.
- The development of this framework excluded key stakeholders such as the state's PIHPs, CMHSPs, providers, persons served, and advocacy groups.
- The design moves a greater segment of the management of the state's Medicaid Behavioral Health benefit to the private Medicaid Health Plans – plans that have decades of poor performance in ensuring access, for persons with mild to moderate mental health needs, to even the most basic levels of care, office-based psychotherapy and psychiatry.

Robert Sheehan
Chief Executive Officer
Community Mental Health Association of Michigan

2nd Floor
507 South Grand Avenue
Lansing, MI 48933
517.374.6848 main
517.237.3142 direct
www.cmham.org

From: Michigan Department of Health and Human Services <MDHHS@govsubscriptions.michigan.gov>
Sent: Thursday, June 12, 2025 10:18 AM
To: Subject: Advancing Person-Centered Mental Health Care in Michigan's CHCP

What is the Michigan Medicaid "Mental Health Framework"?

The Michigan Department of Health and Human Services (MDHHS) is shifting to a **more person-centered approach to serving Michiganders with mental health needs**. As part of MIHealthyLife, an initiative that began in 2022 to strengthen the Comprehensive Health Care Program (CHCP), MDHHS is partnering with Medicaid Health Plans (MHPs), Prepaid Inpatient Health Plans (PIHPs), and providers to improve access to and coordination of mental health care across the Medicaid program.

Under the Mental Health Framework, an enrollee's level of mental health need, as determined through a State-identified standardized assessment tool, will more clearly determine which payer—the enrollee's MHP or PIHP—is responsible for their mental health coverage and care. Also, MHPs will begin covering some additional mental health services for enrollees with lower levels of mental health need, so MHPs are accountable for more of these enrollees' continuum of care. Beginning in October 2026:

- MHPs will cover most mental health services for CHCP enrollees with lower levels of mental health need, and
- PIHPs will cover all mental health services for CHCP enrollees with higher levels of mental health need.

Referrals for mental health care, including those across MHP and PIHP systems, will be standardized to facilitate enrollee access to needed care.

What Does this Mean for Mental Health Providers?

Beginning in October 2025, all qualified mental health providers[1] participating in Michigan's Medicaid program and contracted with an MHP and/or PIHP will need to incorporate into their practice:

- **Use of standardized tools for assessing the level of mental health need of CHCP enrollees seeking mental health** The State's designated assessment tools are the Michigan Child and Adolescent Needs and Strengths (MichiCANS) Screener for children and youth (under 21) and the Level of Care Utilization System (LOCUS) for adults (21 and older). MDHHS will provide more information and access to trainings on these tools in the coming months.
- **Adoption of a standardized referral process for mental health services,** including use of a new referral platform accessible to mental health providers, primary care providers, Community Mental Health Services Programs (CMHSPs), MHPs and PIHPs.

Beginning in October 2026, MHPs will begin covering additional mental health services—including inpatient psychiatric care, crisis residential services, partial hospitalization services, and targeted case management—for enrollees with lower levels of mental health need. **Providers of these services** should prepare to contract with MHPs, as well as PIHPs, for coverage effective October 1, 2026. In the coming months, MDHHS will provide more detailed guidance to facilitate these efforts.

MDHHS encourages all mental health providers to send any questions or comments to MDHHS-MentalHlthFramework@michigan.gov. A website and Mental Health Framework listserv are currently being developed and will be communicated once live.

Thank you.

Call to action:

If you are a mental health provider designated in the Medicaid Provider Manual as a Qualified Mental Health Professional, Child Mental Health Professional or Qualified Intellectual Disability Professional, **please click the link below and complete the form, which includes providing your information to receive further details regarding standardized assessment training**. Standardized assessment training will be free for providers and eligible for CME/CEU credit (details vary between each training). Please complete the form below as soon as possible.

Form - https://bphasa.qualtrics.com/jfe/form/SV_abmRPASQCcGOgOq

Protecting People Over Profit

Public Management of Michigan's Behavioral Health System

Community Mental Health Association of Michigan

On February 28, 2025 the Michigan Department of Health and Human Services (MDHHS) announced that they are seeking public input through an online survey as the department moves to a competitive procurement process for the state's Pre-Paid Inpatient Health Plan (PIHP) contracts. **Our concern is that such bid-out plans, in the past, have opened the door to the privatization of Michigan's public mental health system.**

Unmandated Competitive Procurement: A Risky Proposal That Adds Chaos to Care

Potential funding cuts on the horizon

Disrupts care and creates confusion for those relying on critical services

Procurement process is NOT being driven by Federal rules or requirements

Rather Than a Chaotic Competitive Procurement Process, Take Real Steps to Collectively Solving Core Issues

HOW BEST TO IMPROVE ACCESS TO CARE & SERVICES FOR PEOPLE IN NEED

Sufficient Funding + **Ensure & Enhance Local Voice** + **Reduce Administrative Overhead** + **Increase Workforce & Network Capacity**

- **Sufficient Funding**
  Funding for the core mental health and I/DD services has remained FLAT over the past 5 fiscal years (including $0 general fund increase) while medical inflation has increased by over 10%* and Medicaid expenses have increased by nearly 25%. **Inadequate funding leads to shortages in available services, long wait times, and a lack of quality mental health providers.**
- **Ensure & Enhance Local Voice**
  Only a publicly managed system protects local input. **Privatization removes people's power, shifting care decisions to out-of-state boards with no direct ties to Michigan communities.**
- **Reduce Administrative Overhead**
  Collectively PIHPs have a MLR (Medical Loss Ratio) of 96.3%. The ONLY way to reduce layers and ensure more money goes directly into services is by reducing administrative overhead, which has dramatically increased over the past 5 years. **More bureaucracy means longer wait times, more hoops to jump through, and fewer resources for essential care.**
- **Increase Workforce & Network Capacity**
  3/4 of Michigan's public mental health organizations are experiencing workforce gaps despite salary increases or retention bonuses. Top reasons people leave the public mental health field: (1) too much paperwork / administrative hoops to jump through, and (2) better pay and work life balance. **A shortage of mental health workers means longer wait times, fewer available services—leaving Michigan's most vulnerable without the support they need.**

*According to the U.S. Bureau of Labor Statistics

email correspondence

From: Info CMHAM
Subject: ACTION ALERT Tell Your Legislator to Express Concern Over MDHHS PIHP Procurement Proposal
Date: Monday, June 2, 2025 2:04:34 PM
Attachments: 2025 CMHA-Competitive Procurement-Talking Points_v04 (1).pdf

On May 23, the Michigan Department of Health and Human Services announced that they do in fact plan to move forward with a competitive procurement process for the state's Prepaid Inpatient Health Plan (PIHP) contracts. MDHHS plans to issue a request for proposals (RFP) for Prepaid Inpatient Health Plans (PIHPs) the summer of 2025 with the goal of a service start date Oct. 1, 2026.

The Community Mental Health Association of Michigan (CMHA) and our members remain deeply committed to improving Michigan's public behavioral health system. While we support meaningful reforms that enhance access and quality of care, we have serious concerns about the Michigan Department of Health and Human Service's (MDHHS) recent announcement regarding a new procurement process for Prepaid Inpatient Health Plans (PIHPs).

Although MDHHS states this initiative will increase access, choice, and preserve current Community Mental Health (CMH) providers, the reality of the proposed plan tells a different story.

Privatization Threatens Local Control and Accountability

The proposed competitive procurement process appears structured to favor large, private non-profit health plans - while excluding the very public PIHP that have successfully managed Michigan's specialty behavioral health

services for decades. These PIHPs, governed locally and accountable to county-elected officials, will be barred from applying in their current form. This marks a major shift away from local governance, transparency, and public accountability.

Misguided Approach to System Challenges

This proposal does not address the root causes of access and timeliness challenges in the system—namely, workforce shortages and chronic underfunding. Instead, it risks diverting hundreds of millions of dollars away from direct care and into administrative overhead. Private plans often operate with 15% overhead costs, compared to the 2% of current PIHPs. This could result in $300–$500 million in funds no longer reaching those who need services most.

Competitive procurement causes system chaos at a time when there is so much uncertainty at the federal level and does not address any of the core issues facing the system. We believe the state needs to take meaningful action, such as ensure sufficient funding, protect local voice, reduce administrative overhead, and increase workforce and network capacity - all items that lead to improved access to care an services and none of which require a procurement process.

REQUEST FOR ACTION: We are asking you to reach out to your House and Senate members and express your concerns with the department's competitive procurement process for the state's PIHP contracts. This proposal appears to be an attempt to privatize the public mental health system and why are we doing it at a time of such uncertainty? Let them know you support meaningful reforms that enhance access and quality of care, but this procurement process is not the way to address them.

Please feel free to customize your response as you see fit

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

Community Mental Health Association of Michigan
Analysis of MDHHS PIHP procurement plan
May 2025

Background

Recently, MDHHS issued a press release and posted on its Specialty Behavioral Services webpage information regarding the proposed PIHP procurement process. The webpage includes:

A recorded webinar providing an overview of the procurement process.

And information about the PIHP procurement please see resources below:

1. Anticipated PIHP contract requirements.
2. PIHP public survey summary (Based on public survey solicitation in February 2025).
3. PIHP regions map.
4. PIHP regions detail table.
5. PIHP network adequacy standards.

CMHA analysis of MDHHS proposed PIHP procurement to private health plans

The details provided in the materials on the MDHHS Specialty Behavioral Services webpage (webinar and links) serve to **underscore the negative impact of the Department's proposed PIHP procurement process on Michigan's public mental health system and those who rely on that system for their mental health services.** Below is an analysis of the content of these materials. Throughout this analysis, the term "Michigan's public mental health system" will be used to mean the state's CMHSPs, PIHPs, and the providers in the networks of the CMHSPs and PIHPs.

A. COMPONENTS OF MDHHS PLAN OF GREATEST CONCERN

The components of the MDHHS PIIHP procurement plan that pose the greatest concern plan include:

1. Prioritizing bids from private non-profit health plans/health insurance companies. Some of Michigan's largest private health plans/health insurance companies are private non-profit organizations: Blue Cross/Blue Shield, Priority Health, McLaren Health Plan, and HAP.

2. The current public PIHPs would be prohibited from bidding on this opportunity. Because the current PIHPs were formed and governed by appointees from the state's CMHSPs (who are providers, as required by law, of mental health services)– a structure selected by MDHHS as the structure through which Michigan would fulfill its statutory requirement to fund the state's CMHSPs (see endnote) – these PIHPs are prohibited from applying.

3. Eliminating longstanding roles of CMHSPs in managing care: The CMHSPs have been managing their local provider networks (as required by state law; see endnote) including: provider network development, paying claims, authorizing care, carrying out utilization management, credentialing staff, and related functions for over 60 years. The MDHHS PIHP procurement would prohibit them from carrying out these functions, instead moving them to the private health plans who may be awarded the managed care contracts.

4. Implies that CMHSPs would be one of a number of providers with whom the newly selected managed care organizations could contract for services.

B. PLAN FAILS TO ACHIEVE STATED AIMS OF EFFORT: The design of the procurement requirements actually work against the stated aims of this effort. Those aims include and the disconnect between the procurement and those aims are highlighted below:

Aim: Provide high-quality, timely services:

1. Michigan's public mental health system currently provides more evidence-based and promising practices than any other system in the state and has consistently met MDHHS-established timeliness standards. Timeliness and access issues have occurred, as they have for all behavioral health care providers, since the pandemic, created by the deep and prolonged behavioral health workforce shortage. This workforce shortage and financing insufficiency are two most significant causes of access timeliness issues. This procurement process addresses neither of these.

2. The lack of timely access to the Medicaid behavioral healthcare services that have been managed by the state's private health plans for the past 28 years - office based psychotherapy and psychiatry – has been a glaring gap of that privately managed system since 1997 – a gap unaddressed by MDHHS over these 28 years.

3. The dramatically higher managed care overhead of the private Medicaid health plans, an overhead rate of 15%, far above that of the state's PIHPs with an overhead rate of 2%, will result in a dramatic loss of dollars available for Medicaid behavioral health services to Michiganders – hindering and not improving access nor timeliness.

Aim: Improve choice and consistency across regions:

1. Currently, Michigan's Medicaid beneficiaries have access to a large number of high-quality behavioral health providers in communities across the state. The right to request a qualified provider is a fundamental principle of the system. Given the inability of the private health plans to provide choice of providers for the Medicaid behavioral health services currently managed by the private health plans – due to low rates paid those providers - the choice of high-quality providers will not be increased through the movement to a privately managed system.

2. If the choice among more than one plan per region is an aim of this procurement (unclear at this reading) consistency will be hampered by this procurement, with two sets of standards, rates, and requirements per region rather than the current single set of standards, rates, and requirements.

Aim: Ensure accountability and transparency:

1. The current public PIHP structure is directly accountable to the elected county commissioners elected in each county served by the PIHP. The MDHHS proposal would remove the involvement of these county officials in managing the Medicaid dollars intended to serve their communities' residents.

2. Corrective action plans and performance incentive payments have proven key tools in promoting the accountability of the public PIHP system. Additionally, throughout the year, the requirements placed on the public PIHPs are revised and refined, ensuring accountability of the system to these higher standards.

3. The accountability of the private health plans to contractual standards is enforced only upon the department's decision as to continuing the contract with a given private health plan upon completion of the contract period. Given that the private health plans have contracts ranging from 3 to 5 years, the accountability issues under a privatized managed care structure can remain unresolved for years.

4. The transparency of the public mental health system is assured via their compliance, as public bodies, with the Michigan Open Meetings Act and the Freedom of Information Act. No such transparency requirements exist for private health plans.

Simplify the system with reduced bureaucracy:

1. This procurement increases rather than reducing the complexity and bureaucracy of the system by moving from the current subcapitated payment system used to fund the state's CMHSPs, through the PIHPs, to a fee-for-service system requiring distant authorizations. This complexity and bureaucracy of privately managed care firms are concerns frequently voiced by providers and persons served/clients.

Ensure the strength of the state's CMH system:

1. Unless the state's CMHs, in compliance with state law, are the sole party charged with meeting the mental health needs of Michiganders – a guarantee that MDHHS, private health plans, nor this procurement plan have made - this procurement process violates the statutory obligations of the state will erode the financing for and ability of the local CMHs and Michigan counties to meet their longstanding statutory obligations to provide mental health care to Michiganders. This plan, without the guarantee of the support for the longstanding role and financing of the CMH system:

- violates the statutory obligation of the State to promote, maintain, and fund the CMHSP system (See endnote for statutory and regulatory description of role and responsibilities of Michigan's CMHSPs) [i]
- violates the state's obligation to fund CMHSP system as the party responsible for meeting the State's mental health services obligation
- removes public local control over the use of these dollars with these funds going to the private health plans without oversight by the local CMHSP thereby eliminating public oversight and accountability for those dollars

C. PLAN IGNORES WARNINGS FROM SIMILAR APPROACHES IN OTHER STATES: As noted above,, turning the management of Medicaid mental health benefit over to private health plans does not achieve the stated aims of this procurement process.

In fact, the procurement process and its standards move the state's mental health system backwards to a system with the weaknesses found in the privately managed Medicaid behavioral health systems in other states.

A set of studies, conducted over the past several years, underscores the negative impact that the management of a state's Medicaid behavioral health system by private health plan has on persons served and the provider network serving them. Those studies include:

- Impact of the Movement to Private Managed Care System for Publicly Sponsored Mental Health Care: Perspectives from Other States (2022)
- Medicaid funding consolidation: Key themes identified in an examination of the experience of other states (2016)
- Beyond Appearances: Behavioral Health Financing Models and the Point of Care (2016)

D. PLAN IS NOT TRANSPARENT IN SHARING VIEWS OF RESPONDENTS TO SURVEY AND FAILS TO GET A FULL PICTURE OF THE VIEWS OF STAKEHOLDERS: In spite of the MDHHS interpretation of public comment (an interpretation without revealing actual responses), there is significant opposition, among Michiganders, to the private management of Michigan's public mental health system.

Earlier proposals to privatize this system were met by vocal and widespread opposition from Michiganders from across the state. This anti-privatization sentiment remains strong among the large and vocal stakeholders of Michigan's public mental health system. See the summary of the results of the statewide poll, conducted by the respected Michigan-based polling group, EPIC-MRA.

---

[i] The Michigan Mental Health Code is clear in describing the uniquely singular nature and required state funding of Michigan's CMHSPs. The relevant code citations are provided below.

Unique role: The State of Michigan must promote and maintain the state's CMHSP system, with Michigan's CMHSPs designated as the only bodies to which the responsibility for the direct delivery of public mental health services has been shifted from the state.

Excerpts from the Code:

> *Section 116 (b) (The State of Michigan must) Administer the provisions of chapter 2 so as to* ***promote and maintain an adequate and appropriate system of community mental health services programs throughout the state****.*
> *In the administration of chapter 2, it shall be the* ***objective of the department to shift primary responsibility for the direct delivery of public mental health services from the state to a community mental health services program*** *whenever the community mental health services program has demonstrated a willingness and capacity to provide an adequate and appropriate system of mental health services for the citizens of that service area.*

State obligation to fund CMHSP system: The State of Michigan must fund the CMHSP system to carry out its responsibilities and its core functions.

Excerpts from the Code:

> *Section 116 (b) (The State of Michigan must) (Administer the provisions of chapter 2 so as to* ***promote and maintain an adequate and appropriate system of community mental health services programs throughout the state****.*

Section 202 (1) ***The state shall financially support, in accordance with chapter 3, community mental health services programs*** *that have been established and that are administered according to the provisions of this chapter.*

Obligation to provide a broad range of services to the entire community: The Michigan Mental Health Code, Administrative Rules, and PIHP contractual obligations are clear in describing the responsibility of the state's CMHSPs/PIHPs in **meeting the needs of their entire community and Medicaid beneficiary pool (an obligation that goes beyond those of the CCBHCs to serve only those who present themselves to the CCBHC.**

Excerpts from the Michigan Administrative Rules

Rule 330.2005. ***A community mental health board shall ensure that the following minimum types and scopes of mental health services are provided to all age groups directly by the board, by contract, or by formal agreement with public or private agencies or individuals contingent on legislative appropriation of matching funds for provision of these services****:*
(a) Emergency intervention services.
(b) Prevention services.
(c) Outpatient services.
(d) Aftercare services.
(e) Day program and activity services.
(f) Public information services.
(g) Inpatient services.
(h) Community/caregiver services

(CMHA note: The detailed descriptions of each of these services are outlined in the remainder of this section of the Michigan Administrative Rules)

Responsibility of the CMHSPs to determine the providers in its provider network and ensure that these providers comply with Medicaid regulations.

Excerpts from the Michigan Administrative Rules

Rule 330.2005. A community mental health board shall ensure that the following minimum types and scopes of mental health services are provided to all age groups **directly by the board, by contract, or by formal agreement with public or private agencies or individuals**

Community Mental Health Association of Michigan

Concerns Regarding MDHHS PIHP Contract Procurement Proposal

June 2025

Background

As you know, MDHHS recently issued a press release and posted on its Specialty Behavioral Services webpage information regarding the proposed PIHP procurement process. These documents underscore the fact that this procurement plan would **privatize not only the state's behavioral health management care organizations but the roles currently played by the state's CMHSPs**.

Misconceptions regarding this plan

1. This plan will improve the lives of the Michiganders who receive mental health, substance use disorder, and intellectual and developmental disability services.
2. This plans is part of the state's approach to dealing with the potential federal Medicaid cuts.
3. This plan is not so bad. It simply changes the payer of the CMHs from a public PIHP to a private health plan.
4. The design and implementation mechanics of this procurement plan are so complicated that it will not go forward.
5. The politics in Michigan are lined up to push this plan through. Nothing that we do can stop it.
6. CMS is requiring that MDHHS not have sole source contracts with the state's PIHPs.
7.This plan is not a plan to privatize Michigan's public mental health system.

Concerns

While CMHA, its members, and allies strongly support efforts to improve the quality, access, and accountability of behavioral health services in Michigan, the proposed changes represent a fundamental and alarming departure from the state's longstanding and effective public mental health structure.

This plan:

1. Severely jeopardizes the care that hundreds of thousands of Michiganders depend upon by resulting in an immediate $500 million cut in funds available to provide mental health care – the result of the administrative overhead of private plans health plans, at 15%, compared with the 2% overhead of the state's PIHPs.

2. Destroys the longstanding (60 year) partnership between the State of Michigan and the local Community Mental Health and publicly managed Substance Use Disorder system – the **bedrock of the innovative and collaborative work** that has made Michigan's public mental health system one of the best in the country.

3. Destroys the community partnerships that the state's CMHs have with local law enforcement, schools, courts, homeless services providers.

4. Fails to address the root causes of existing access issues—namely, workforce shortages, underfunding, and administrative burdens.

5. Prioritizes bids from private non-profit health plans/health insurance companies. Some of Michigan's largest private health plans/health insurance companies are private non-profit organizations: Blue Cross/Blue Shield, Priority Health, McLaren Health Plan, and HAP.

6. Prohibits the current public PIHPs from bidding on this opportunity.

> From preliminary RFP requirements "Contractors must establish and maintain governance for the payor entity that is fully independent of and distinct from any providers with which they contract for Medicaid-covered services, as well as from any owners holding direct or indirect interests in those providers."

7. Prohibits CMHSPs from carrying out longstanding roles in managing care: The CMHSPs have been managing their local provider networks including: provider network development, paying claims, authorizing care, carrying out utilization management, credentialing staff, and related functions for over 60 years.

> From preliminary RFP requirements: "Contractors may not delegate managed care functions to contracted provider entities"

8. Destroys the statutorily defined role of the CMHs, relegating them to being one of a number of fee-for-service providers in the new managed care organization's network.

As a result, this plan undermines Michigan's legal and constitutional obligations under the Mental Health Code to promote and maintain a robust CMHSP system. CMHSPs are the only entities explicitly designated to assume responsibility for mental health services when the state shifts its role. The code mandates both structural and funding responsibilities that the current proposal appears to ignore or override.

9. Eliminates transparency currently guaranteed by law. Current public entities are subject to the Michigan Open Meetings Act and Freedom of Information Act, ensuring a high degree of transparency. **Private health plans are not bound by these requirements, leaving critical decisions about public funds and services outside the public eye**

10. Introduces multiple layers of complexity making the system more complex and administratively burdensome. It allows multiple private plans per region, creating inconsistent rules, standards, and rates; while moving the financing of the CMHA system back to a fee-for-services system.

11. Mirrors failed models from other states, (Studies conducted in 2016a ,2016b, 2022 **where privatization led to service fragmentation, reduced access, and diminished provider networks.**

12. Represents the privatization approach to public mental health care to which that Michiganders have voiced strong opposition. A study of Michiganders, conducted by EPIC-MRA, found strong public opposition to such privatization.

13. Violates the Headlee Amendment to the Michigan Constitution by dramatically reducing the state funding for a mandated county function.

NORTHERN MICHIGAN REGIONAL ENTITY
FINANCE COMMITTEE MEETING
10:00AM – JUNE 11, 2025
VIA TEAMS

ATTENDEES:	**Connie Cadarette, Ann Friend, Kevin Hartley, Nancy Kearly, Donna Nieman, Allison Nicholson, Nena Sork, Erinn Trask, Jennifer Warner, Tricia Wurn, Deanna Yockey, Carol Balousek**

REVIEW AGENDA & ADDITIONS
Erinn requested that Business Central Transition be added to the meeting agenda.

REVIEW PREVIOUS MEETING MINUTES
The May minutes were included in the materials packet for the meeting.

MOTION BY CONNIE CADARETTE TO APPROVE THE MINUTES OF THE MAY 14, 2025 NORTHERN MICHIGAN REGIONAL ENTITY REGIONAL FINANCE COMMITTEE MEETING; SUPPORT BY KEVIN HARTLEY. MOTION APPROVED.

MONTHLY FINANCIALS
April 2025 Financial Report

- Net Position showed a net surplus for Medicaid and HMP of $1,760,323. Carry forward was reported as $736,656. The total Medicaid and HMP current year surplus was reported as $2,496,979. FY24 HSW revenue was reported as $1,137,411. The total Medicaid and HMP adjusted current year surplus was reported as $1,359,568. The total Medicaid and HMP Internal Service Fund was reported as $20,576,156. The total Medicaid and HMP net surplus was reported as $23,073,135.
- Traditional Medicaid showed $125,455,745 in revenue, and $121,681,030 in expenses, resulting in a net surplus of $3,774,715. Medicaid ISF was reported as $13,514,675 based on the current FSR. Medicaid Savings was reported as $0.
- Healthy Michigan Plan showed $15,495,242 in revenue, and $17,509,634 in expenses, resulting in a net deficit of $2,014,392. HMP ISF was reported as $7,068,394 based on the current FSR. HMP savings was reported as $736,656.
- Health Home showed $1,950,192 in revenue, and $1,556,270 in expenses, resulting in a net surplus of $393,922.
- SUD showed all funding source revenue of $16,703,387 and $12,993,828 in expenses, resulting in a net surplus of $3,709,559. Total PA2 funds were reported as $4,783,867.

A line was added to the Financial Summary page of the April Financial Report to delineate/subtract FY24 HSW revenue totaling $1,137,411. Connie requested CMH specific details related to HSW payments for FY24. The HSW payment for June was received on this date. The region was paid for 645 slots (missing approximately 48).

PA2/Liquor Tax was summarized as follows:

Projected FY25 Activity			
Beginning Balance	Projected Revenue	Approved Projects	Projected Ending Balance
$4,765,231	$1,847,106	$2,150,940	$4,461,397

Actual FY25 Activity			
Beginning Balance	Current Receipts	Current Expenditures	Current Ending Balance
$4,765,231	$835,755	$817,119	$4,783,867

MOTION BY ERINN TRASK TO RECOMMEND APPROVAL OF THE NORTHERN MICHIGAN REGIONAL ENTITY MONTHLY FINANCIAL REPORT FOR APRIL 2025; SUPPORT BY KEVIN HARTLEY. MOTION APPROVED.

EDIT UPDATE
The next EDIT meeting is scheduled for July 17th at 10:00AM.

EQI UPDATE
The HSW payment will be rolled out on this date for payment June 12th.

ELECTRONIC VISIT VERIFICATION (EVV)
There was no report on this agenda topic.

HSW OPEN SLOTS UPDATE
There are currently four open slots in the region with two packets pending. North Country and Northeast Michigan have additional packets in the queue.

CHAMPS Fix Update
The fix to the CHAMPS system is expected on June 20, 2025. The next payment is due July 9th. Deanna will provide details when they are available.

Verification/Research Process
A report showing missed payments was sent to MDHHS. The region continues to be shorted for filled HSW placements from FY24. The hope is that the Department will circle back and pay those retroactively.

DAB TRANSITION
There was no report on this agenda topic.

NMRE REVENUE & ELIGIBLES ANALYSIS
An analysis of October 2023 – May 2025 Revenue and Eligibles was emailed to the committee during the meeting.

Children's Waiver Program			
	October 2023	May 2025	% Change
Revenue	$36,882	$29,628	-19.67%
Enrollees	11	9	-18.18%
Average Payment per Enrollee	$3,353	$ 3,292	-1.82%

DAB			
	October 2023	May 2025	% Change
Revenue	$10,003,003	$9,904,196	-0.99%
Enrollees	28,444	25,324	-10.97%
Average Payment per Enrollee	$352	$391	11.21%

HMP			
	October 2023	May 2025	% Change
Revenue	$2,369,569	$2,187,206	-7.70%
Enrollees	47,550	33,174	-30.23%
Average Payment per Enrollee	$50	$66	32.30%

HSW			
	October 2023	May 2025	% Change
Revenue	$4,638,399	$4,970,178	7.15%
Enrollees	650	658	1.23%
Average Payment per Enrollee	$7,136	$7,553	5.85%

SED			
	October 2023	May 2025	% Change**
Revenue	$40,846	$19,266	-52.83%
Enrollees	21	28	33.33%
Average Payment per Enrollee*	$1,945	$688	-64.62%

**SED revenue was moved into DAB October 1, 2024.

TANF			
	October 2023	May 2025	% Change
Revenue	$2,865,200	$2,722,195	-4.99%
Enrollees	66,801	53,848	-19.39%
Average Payment per Enrollee	$43	$51	17.86%

TOTAL			
	October 2023	May 2025***	% Change
	$19,953,899	$19,832,669	-0.61%

***The April payment included retro HSW.

COST CONTAINMENT PLANS

Cost Containment Plans were received from the five CMHSPs by the May 1st due date and were accepted. Kevin reported that Northern Lakes held a special Bord meeting on Monday, June 9th during which the board approved the process but requested a one-page summary of action items to vote on during the June 20th meeting. Most of the spending cuts will occur in FY26, however, Northern Lakes is committed to doing what can be done in the current fiscal year.

AUDIT FY25 – FY27 RFP

Timeline Discussion

The NMRE received a list of questions from one audit firm which she was able to answer and/or provide documentation. Proposals are due to the NMRE by 5:00PM on June 27th. The NMRE will send a summary of the responses to the Boards by July 7th.

AUTISM $66 IMPLEMENTATION/FUNDING DEFICIT

In an email dated May 27th, Eric requested clarification that the ABA rate increase has been implemented separately from the DCW wage increase. All five CMHSPs confirmed that they are including the DCW in the $66/hour rate.

MDHHS/PIHP CONTRACT AMENDMENT NO. 3

Per the MDHHS PIHP Operations Meeting on June 5th, Amendment No. 3 to the PIHP contract is expected to include a retraction and repayment of capitated claims at a higher rate retroactive to October 1, 2024. It is unclear whether the full funding will be rolled out by September 30, 2025.

BUSINESS CENTRAL TRANSITION

Erinn questioned how to best collaborate/coordinate the implementation process for Business Central. Laura Argyle is working with the TMGroup to organize a kick-off. A standardized Chart of Accounts (COA) would be helpful. Erinn agreed to distribute a proposed COA. Tricia suggested adding Subrecipient Payments (under grants). Region 10 likely already has a PIHP COA. After the initial kickoff, "scoping" calls will take place. The TMGroup will then supply templates.

Erinn added the following prefixes to the COA:

- EMP-00000 (employees)
- PCE-00000 (PCE Vendors)
- VEN-00000 (AP Vendors)
- BRD-00000 (Board Members)

The suggestion was made to create a meeting series dedicated to the Business Central transition process. A weekly meeting invitation for Wednesdays at 8:00AM will be sent to the group.

NEXT MEETING

The next meeting was scheduled for July 9th at 10:00AM.

Chief Executive Officer Report

June 2025

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

May 29: Attended and participated in MDHHS Rate Setting Meeting.

June 3: Attended and participated PIHP CEO Meeting.

June 5: Attended and participated in MDHHS Operations Meeting.

June 5: Attended and participated in CMHAM CMHSP/PIHP bid out discussion.

June 6: Attended and participated in CMHAM PIHP bid out discussion.

June 9-11: Attended CMHAM Summer Conference.

June 17: Chaired Regional Operations Committee Meeting.

June 23: Plan to attend PIHP Compliance Officers Meeting.

Northern Michigan Regional Entity

April 2025 Finance Report

April 2025 Financial Summary

Funding Source	YTD Net Surplus (Deficit)	Carry Forward	ISF
Medicaid	3,774,715	-	13,514,675
Healthy Michigan	(2,014,392)	736,656	7,068,394
	$ 1,760,323	$ 736,656	$ 20,583,069

	NMRE MH	NMRE SUD	Northern Lakes	North Country	Northeast	Wellvance	Centra Wellness	PIHP Total
Net Surplus (Deficit) MA/HMP	2,097,602	3,360,295	(5,303,247)	435,003	345,763	689,179	135,727	$ 1,760,323
Carry Forward		-	-	-	-	-	-	736,656
Total Med/HMP Current Year Surplus	2,097,602	3,360,295	(5,303,247)	435,003	345,763	689,179	135,727	$ 2,496,979
FY24 Hab Support Waiver Revenue								$ (1,137,411)
Total Med/HMP Current Year Surplus Adjusted								$ 1,359,568
Medicaid & HMP Internal Service Fund								20,576,156
Total Medicaid & HMP Net Surplus								$ 23,073,135

Northern Michigan Regional Entity

Funding Source Report - PIHP

Mental Health

October 1, 2024 through April 30, 2025

	NMRE MH	NMRE SUD	Northern Lakes	North Country	Northeast	Wellvance	Centra Wellness	PIHP Total
Traditional Medicaid (inc Autism)								
Revenue								
Revenue Capitation (PEPM)	$ 121,406,762	$ 4,048,983	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	$ 125,455,745
CMHSP Distributions	(115,957,041)	[redacted]	37,222,516	**31,802,944**	19,621,988	16,740,667	10,568,926	-
1st/3rd Party receipts	[redacted]		-	-	-	-	-	-
Net revenue	5,449,721	4,048,983	37,222,516	31,802,944	19,621,988	16,740,667	10,568,926	125,455,745
Expense								
PIHP Admin	1,704,647	31,901	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	1,736,548
PIHP SUD Admin		68,074						68,074
SUD Access Center		-						-
Insurance Provider Assessment	1,072,136	20,861						1,092,997
Hospital Rate Adjuster	-	[redacted]						-
Services	492,290	2,182,095	40,168,698	31,117,203	19,099,015	15,714,169	10,009,941	118,783,411
Total expense	3,269,073	2,302,931	40,168,698	31,117,203	19,099,015	15,714,169	10,009,941	121,681,030
Net Actual Surplus (Deficit)	$ 2,180,648	$ 1,746,052	$ (2,946,182)	$ 685,741	$ 522,973	$ 1,026,498	$ 558,985	$ 3,774,715

Notes

Medicaid ISF - $13,514,675 - based on current FSR

Medicaid Savings - $0

Northern Michigan Regional Entity

Funding Source Report - PIHP

Mental Health
October 1, 2024 through April 30, 2025

	NMRE MH	NMRE SUD	Northern Lakes	North Country	Northeast	Wellvance	Centra Wellness	PIHP Total
Healthy Michigan								
Revenue								
Revenue Capitation (PEPM)	$ 8,320,475	$ 7,174,767						$ 15,495,242
CMHSP Distributions	(8,128,587)		2,984,685	2,320,750	1,056,717	1,108,352	658,083	-
1st/3rd Party receipts				-	-	-	-	-
Net revenue	191,888	7,174,767	2,984,685	2,320,750	1,056,717	1,108,352	658,083	15,495,242
Expense								
PIHP Admin	170,670	77,036						247,706
PIHP SUD Admin		164,389						164,389
SUD Access Center		-						-
Insurance Provider Assessment	104,264	49,682						153,946
Hospital Rate Adjuster	-							-
Services	-	5,269,417	5,341,750	2,571,488	1,233,927	1,445,670	1,081,341	16,943,593
Total expense	274,934	5,560,524	5,341,750	2,571,488	1,233,927	1,445,670	1,081,341	17,509,634
Net Surplus (Deficit)	$ (83,046)	$ 1,614,243	$ (2,357,065)	$ (250,738)	$ (177,210)	$ (337,318)	$ (423,258)	$ (2,014,392)

Notes
HMP ISF - $7,068,394 - based on current FSR
HMP Savings - $736,656

Net Surplus (Deficit) MA/HMP	**$ 2,097,602**	**$ 3,360,295**	**$ (5,303,247)**	**$ 435,003**	**$ 345,763**	**$ 689,179**	**$ 135,727**	**$ 1,760,323**
Medicaid/HMP Carry Forward								**736,656**
Total Med/HMP Current Year Surplus								$ 2,496,979
Medicaid & HMP ISF - based on current FSR								**20,576,156**
Total Medicaid & HMP Net Surplus (Deficit) including Carry Forward and ISF								**$ 23,073,135**

Northern Michigan Regional Entity

Funding Source Report - PIHP

Mental Health

October 1, 2024 through April 30, 2025

	NMRE MH	NMRE SUD	Northern Lakes	North Country	Northeast	Wellvance	Centra Wellness	PIHP Total
Health Home								
Revenue								
Revenue Capitation (PEPM)	$ 734,783		307,450	213,039	240,414	127,402	327,104	$ 1,950,192
CMHSP Distributions	-							-
1st/3rd Party receipts								-
Net revenue	734,783	-	307,450	213,039	240,414	127,402	327,104	1,950,192
Expense								
PIHP Admin	22,094							22,094
BHH Admin	22,922							22,922
Insurance Provider Assessment	-							-
Hospital Rate Adjuster								
Services	295,845		307,450	213,039	240,414	127,402	327,104	1,511,254
Total expense	340,861	-	307,450	213,039	240,414	127,402	327,104	1,556,270
Net Surplus (Deficit)	$ 393,922	$ -	$ -	$ -	$ -	$ -	$ -	$ 393,922

Northern Michigan Regional Entity

Funding Source Report - SUD

Mental Health

October 1, 2024 through April 30, 2025

	Medicaid	Healthy Michigan	Opioid Health Home	SAPT Block Grant	PA2 Liquor Tax	Total SUD
Substance Abuse Prevention & Treatment						
Revenue	$ 4,048,983	$ 7,174,767	$ 2,471,400	$ 2,191,120	$ 817,117	$ 16,703,387
Expense						
Administration	99,975	241,425	90,956	155,739		588,095
OHH Admin			45,942	-		45,942
Block Grant Access Center	-	-	-	-		-
Insurance Provider Assessment	20,861	49,682	-			70,543
Services:						
Treatment	2,182,095	5,269,417	1,985,238	988,544	817,117	11,242,411
Prevention	-	-	-	506,084	-	506,084
ARPA Grant	-	-	-	540,753	-	540,753
Total expense	2,302,931	5,560,524	2,122,136	2,191,120	817,117	12,993,828
PA2 Redirect			-	0		0
Net Surplus (Deficit)	$ 1,746,052	$ 1,614,243	$ 349,264	$ 0	$ -	$ 3,709,559

Northern Michigan Regional Entity

Statement of Activities and Proprietary Funds Statement of

Revenues, Expenses, and Unspent Funds
October 1, 2024 through April 30, 2025

	PIHP MH	PIHP SUD	PIHP ISF	Total PIHP
Operating revenue				
Medicaid	$ 121,406,762	$ 4,048,983	$ -	$ 125,455,745
Medicaid Savings	-	-	-	-
Healthy Michigan	8,320,475	7,174,767	-	15,495,242
Healthy Michigan Savings	736,656	-	-	736,656
Health Home	1,950,192	-	-	1,950,192
Opioid Health Home	-	2,471,400	-	2,471,400
Substance Use Disorder Block Grant	-	2,191,120	-	2,191,120
Public Act 2 (Liquor tax)	-	817,117	-	817,117
Affiliate local drawdown	297,408	-	-	297,408
Performance Incentive Bonus	1,653,705	-	-	1,653,705
Miscellanous Grant Revenue	-	17,369	-	17,369
Veteran Navigator Grant	50,469	-	-	50,469
SOR Grant Revenue	-	842,839	-	842,839
Gambling Grant Revenue	-	125,364	-	125,364
Other Revenue	35	-	1,991	2,026
Total operating revenue	134,415,702	17,688,959	1,991	152,106,652
Operating expenses				
General Administration	2,047,317	438,189	-	2,485,506
Prevention Administration	-	70,824	-	70,824
OHH Administration	-	45,942	-	45,942
BHH Administration	22,922	-	-	22,922
Insurance Provider Assessment	1,176,400	70,543	-	1,246,943
Hospital Rate Adjuster	-	-	-	-
Payments to Affiliates:				
Medicaid Services	116,601,316	2,182,095	-	118,783,411
Healthy Michigan Services	11,674,176	5,269,417	-	16,943,593
Health Home Services	1,511,254	-	-	1,511,254
Opioid Health Home Services	-	1,985,238	-	1,985,238
Community Grant	-	988,544	-	988,544
Prevention	-	435,260	-	435,260
State Disability Assistance	-	-	-	-
ARPA Grant	-	540,753	-	540,753
Public Act 2 (Liquor tax)	-	817,117	-	817,117
Local PBIP	1,579,647	-	-	1,579,647
Local Match Drawdown	297,408	-	-	297,408
Miscellanous Grant	-	17,369	-	17,369
Veteran Navigator Grant	50,469	-	-	50,469
SOR Grant Expenses	-	842,839	-	842,839
Gambling Grant Expenses	-	125,364	-	125,364
Total operating expenses	134,960,909	13,829,494	-	148,790,403
CY Unspent funds	(545,207)	3,859,465	1,991	3,316,249
Transfers In	-	-	-	-
Transfers out	-	-	-	-
Unspent funds - beginning	3,466,474	4,765,230	20,583,069	28,814,773
Unspent funds - ending	$ 2,921,267	$ 8,624,695	$ 20,585,060	$ 32,131,022

Northern Michigan Regional Entity

Statement of Net Position

April 30, 2025

	PIHP MH	PIHP SUD	PIHP ISF	Total PIHP
Assets				
Current Assets				
Cash Position	$ 41,344,339	$ 6,648,426	$ 20,585,060	$ 68,577,825
Accounts Receivable	2,399,424	2,973,981	-	5,373,405
Prepaids	59,521	-	-	59,521
Total current assets	43,803,284	9,622,407	20,585,060	74,010,751
Noncurrent Assets				
Capital assets	479,259	-	-	479,259
Total Assets	44,282,543	9,622,407	20,585,060	74,490,010
Liabilities				
Current liabilities				
Accounts payable	41,089,640	997,712	-	42,087,352
Accrued liabilities	271,636	-	-	271,636
Unearned revenue	-	-	-	-
Total current liabilities	41,361,276	997,712	-	42,358,988
Unspent funds	$ 2,921,267	$ 8,624,695	$ 20,585,060	$ 32,131,022

Northern Michigan Regional Entity

Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds

Budget to Actual - Mental Health
October 1, 2024 through April 30, 2025

	Total Budget	YTD Budget	YTD Actual	Variance Favorable (Unfavorable)	Percent Favorable (Unfavorable)
Operating revenue					
Medicaid					
* Capitation	$ 187,752,708	$ 109,522,413	$ 121,406,762	$ 11,884,349	10.85%
Carryover	11,400,000	-	-	-	-
Healthy Michigan					
Capitation	19,683,372	11,481,967	8,320,475	(3,161,492)	(27.53%)
Carryover	5,100,000	-	736,656	736,656	0.00%
Health Home	1,451,268	846,573	1,950,192	1,103,619	130.36%
Affiliate local drawdown	594,816	297,408	297,408	-	0.00%
Performance Bonus Incentive	1,334,531	1,334,531	1,653,705	319,174	23.92%
Miscellanous Grants	-	-	-	-	0.00%
Veteran Navigator Grant	110,000	64,169	50,469	(13,700)	(21.35%)
Other Revenue	-	-	35	35	0.00%
Total operating revenue	227,426,695	123,547,061	134,415,702	10,868,641	8.80%
Operating expenses					
General Administration	3,591,836	2,077,066	2,047,317	29,749	1.43%
BHH Administration	-	-	22,922	(22,922)	0.00%
Insurance Provider Assessment	1,897,524	1,106,889	1,176,400	(69,511)	(6.28%)
Hospital Rate Adjuster	4,571,328	2,666,608	-	2,666,608	100.00%
Local PBIP	1,737,753	-	1,579,647	(1,579,647)	0.00%
Local Match Drawdown	594,816	297,408	297,408	-	0.00%
Miscellanous Grants	-	-	-	-	0.00%
Veteran Navigator Grant	110,004	53,501	50,469	3,032	5.67%
Payments to Affiliates:					
Medicaid Services	176,618,616	103,027,526	116,601,316	(13,573,790)	(13.17%)
Healthy Michigan Services	17,639,940	10,289,965	11,674,176	(1,384,211)	(13.45%)
Health Home Services	1,415,196	825,531	1,511,254	(685,723)	(83.06%)
Total operating expenses	208,177,013	120,344,494	134,960,909	(14,616,415)	(12.15%)
CY Unspent funds	$ 19,249,682	$ 3,202,567	(545,207)	$ (3,747,774)	
Transfers in			-		
Transfers out			-	134,960,909	
Unspent funds - beginning			3,466,474		
Unspent funds - ending			$ 2,921,267	(545,207)	

Northern Michigan Regional Entity

Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds

Budget to Actual - Substance Abuse
October 1, 2024 through April 30, 2025

	Total Budget	YTD Budget	YTD Actual	Variance Favorable (Unfavorable)	Percent Favorable (Unfavorable)
Operating revenue					
Medicaid	$ 4,678,632	$ 2,729,202	$ 4,048,983	$ 1,319,781	48.36%
Healthy Michigan	11,196,408	6,531,238	7,174,767	643,529	9.85%
Substance Use Disorder Block Grant	6,467,905	3,772,943	2,191,120	(1,581,823)	(41.93%)
Opioid Health Home	3,419,928	1,994,958	2,471,400	476,442	23.88%
Public Act 2 (Liquor tax)	1,533,979	511,326	817,117	305,791	59.80%
Miscellanous Grants	4,000	2,333	17,369	15,036	644.39%
SOR Grant	2,043,984	1,192,324	842,839	(349,485)	(29.31%)
Gambling Prevention Grant	200,000	116,667	125,364	8,697	7.45%
Other Revenue	-	-	-	-	0.00%
Total operating revenue	29,544,836	16,850,991	17,688,959	837,968	4.97%
Operating expenses					
Substance Use Disorder:					
SUD Administration	1,082,576	596,505	438,189	158,316	26.54%
Prevention Administration	118,428	69,083	70,824	(1,741)	(2.52%)
Insurance Provider Assessment	113,604	66,269	70,543	(4,274)	(6.45%)
Medicaid Services	3,931,560	2,293,410	2,182,095	111,315	4.85%
Healthy Michigan Services	10,226,004	5,965,169	5,269,417	695,752	11.66%
Community Grant	2,074,248	1,209,978	988,544	221,434	18.30%
Prevention	634,056	369,866	435,260	(65,394)	(17.68%)
State Disability Assistance	95,215	55,545	-	55,545	100.00%
ARPA Grant	-	-	540,753	(540,753)	0.00%
Opioid Health Home Admin	-	-	45,942	(45,942)	0.00%
Opioid Health Home Services	3,165,000	1,846,250	1,985,238	(138,988)	(7.53%)
Miscellanous Grants	4,000	2,333	17,369	(15,036)	(644.39%)
SOR Grant	2,043,984	1,192,324	842,839	349,485	29.31%
Gambling Prevention	200,000	116,667	125,364	(8,697)	(7.45%)
PA2	1,533,978	511,326	817,117	(305,791)	(59.80%)
Total operating expenses	25,222,653	14,294,725	13,829,494	465,231	3.25%
CY Unspent funds	$ 4,322,183	$ 2,556,266	3,859,465	$ 1,303,199	
Transfers in			-		
Transfers out			-		
Unspent funds - beginning			4,765,230		
Unspent funds - ending			$ 8,624,695		

Northern Michigan Regional Entity

Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds

Budget to Actual - Mental Health Administration
October 1, 2024 through April 30, 2025

	Total Budget	YTD Budget	YTD Actual	Variance Favorable (Unfavorable)	Percent Favorable (Unfavorable)
General Admin					
Salaries	$ 1,921,812	$ 1,121,057	$ 1,174,933	$ (53,876)	(4.81%)
Fringes	666,212	369,614	367,902	1,712	0.46%
Contractual	683,308	398,601	310,178	88,423	22.18%
Board expenses	18,000	10,500	12,034	(1,534)	(14.61%)
Day of recovery	14,000	9,000	422	8,578	95.31%
Facilities	152,700	89,075	74,307	14,768	16.58%
Other	135,804	79,219	107,541	(28,322)	(35.75%)
Total General Admin	$ 3,591,836	$ 2,077,066	$ 2,047,317	$ 29,749	1.43%

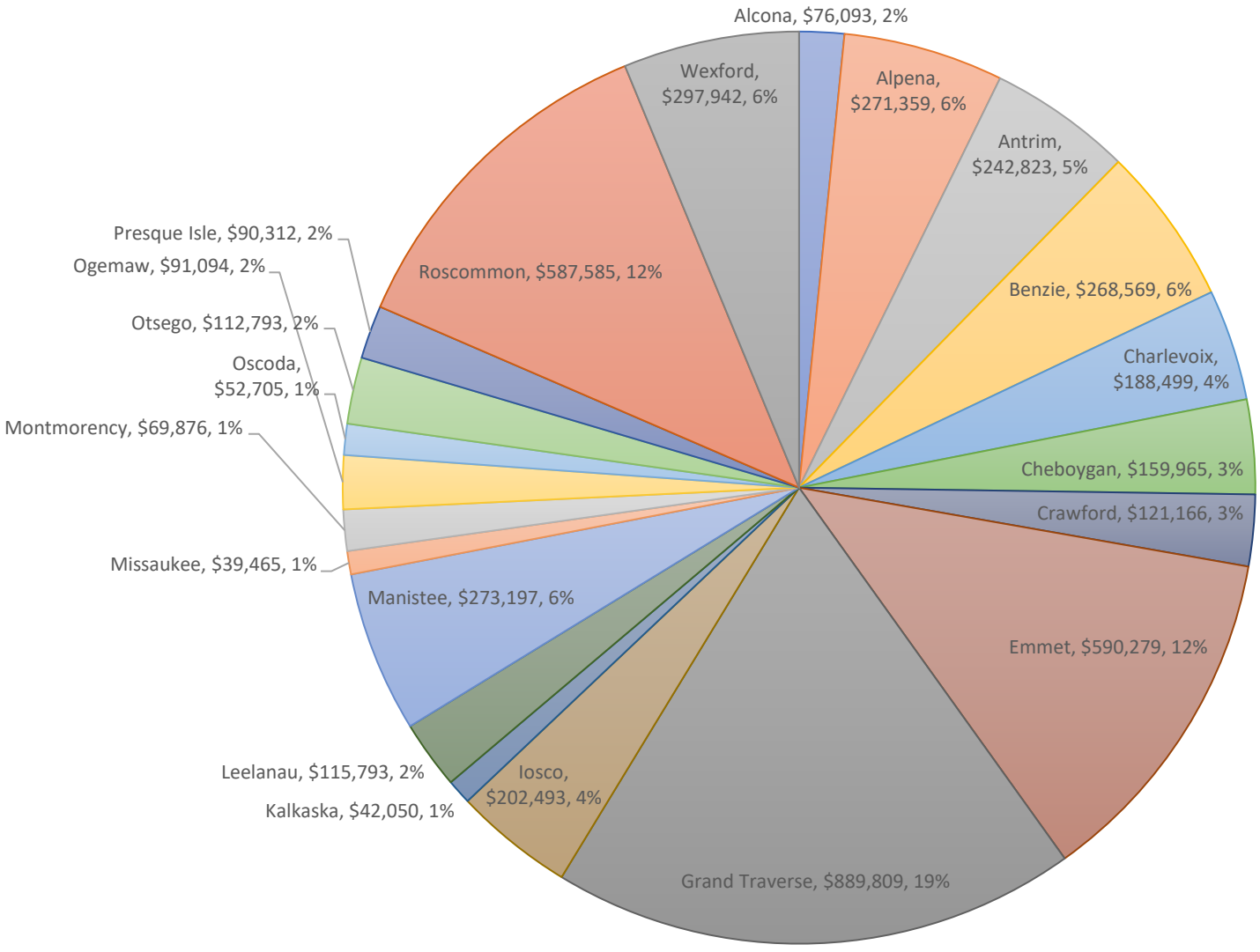
Northern Michigan Regional Entity

Schedule of PA2 by County

October 1, 2024 through April 30, 2025

	Projected FY25 Activity				Actual FY25 Activity			
	Beginning Balance	FY25 Projected Revenue	FY25 Approved Projects	Projected Ending Balance	Current Receipts	County Specific Projects	Region Wide Projects by Population	Ending Balance
County						Actual Expenditures by County		
Alcona	$ 71,885	$ 23,013	$ 21,562	$ 73,336	$ 9,914	5,706	$ -	$ 76,093
Alpena	276,605	81,249	115,352	242,502	38,033	43,279	-	271,359
Antrim	225,891	71,430	37,276	260,045	33,812	16,880	-	242,823
Benzie	257,777	64,021	52,479	269,320	29,286	18,494	-	268,569
Charlevoix	240,410	106,977	204,773	142,613	46,677	98,588	-	188,499
Cheboygan	141,238	85,508	65,816	160,930	40,575	21,847	-	159,965
Crawford	126,884	36,205	68,993	94,096	17,924	23,643	-	121,166
Emmet	604,860	182,951	363,695	424,117	82,567	97,148	-	590,279
Grand Traverse	947,150	464,163	558,074	853,238	205,396	262,737	-	889,809
Iosco	186,997	84,319	73,780	197,537	38,690	23,194	-	202,493
Kalkaska	25,843	41,796	2,436	65,203	18,678	2,471	-	42,050
Leelanau	97,166	63,811	39,737	121,240	27,988	9,362	-	115,793
Manistee	259,014	82,480	104,210	237,284	36,904	22,720	-	273,197
Missaukee	30,683	22,352	20,908	32,127	10,850	2,068	-	39,465
Montmorency	59,540	30,318	8,457	81,401	13,074	2,738	-	69,876
Ogemaw	64,110	68,787	11,101	121,797	30,828	3,844	-	91,094
Oscoda	44,727	21,668	7,577	58,818	10,432	2,453	-	52,705
Otsego	112,969	105,067	98,424	119,612	48,085	48,262	-	112,793
Presque Isle	82,660	24,977	11,701	95,936	11,445	3,793	-	90,312
Roscommon	576,714	87,317	55,007	609,024	39,501	28,630	-	587,585
Wexford	332,107	98,696	229,583	201,220	45,098	79,263	-	297,942
	4,765,231	1,847,106	2,150,940	4,461,397	835,755	817,119	-	4,783,867
PA2 Redirect								-
								4,783,867

PA2 FUND BALANCES BY COUNTY



Northern Michigan Regional Entity

Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds

Budget to Actual - Substance Abuse Administration
October 1, 2024 through April 30, 2025

	Total Budget	YTD Budget	YTD Actual	Variance Favorable (Unfavorable)	Percent Favorable (Unfavorable)
SUD Administration					
Salaries	$ 723,372	$ 421,967	$ 260,472	$ 161,495	38.27%
Fringes	212,604	124,019	86,166	37,853	30.52%
Access Salaries	-	-	-	-	0.00%
Access Fringes	-	-	-	-	0.00%
Access Contractual	-	-	-	-	0.00%
Contractual	129,000	43,750	62,607	(18,857)	(43.10%)
Board expenses	5,000	2,919	2,660	259	8.87%
Day of Recover	-	-	10,309	(10,309)	0.00%
Facilities	-	-	-	-	0.00%
Other	12,600	3,850	15,975	(12,125)	(314.94%)
Total operating expenses	$ 1,082,576	$ 596,505	$ 438,189	$ 158,316	26.54%

Northern Michigan Regional Entity

Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds

Budget to Actual - ISF

October 1, 2024 through April 30, 2025

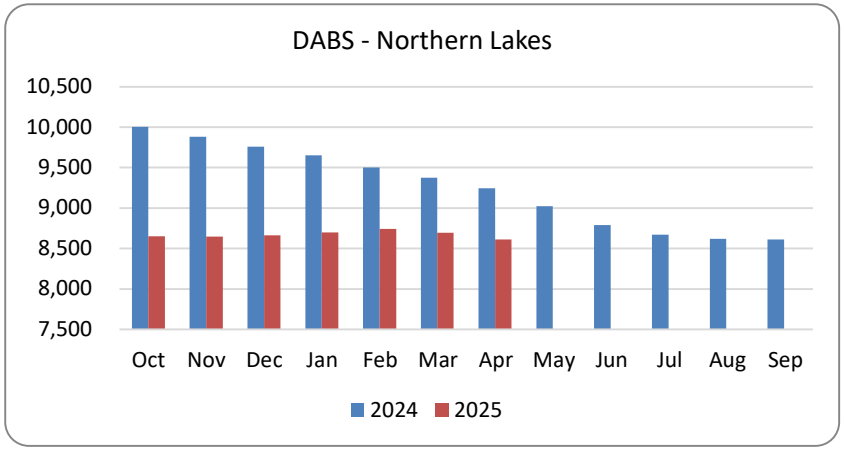
	Total Budget	YTD Budget	YTD Actual	Variance Favorable (Unfavorable)	Percent Favorable (Unfavorable)
Operating revenue					
Charges for services	$ -	$ -	$ -	$ -	0.00%
Interest and Dividends	7,500	4,375	1,991	(2,384)	(54.49%)
Total operating revenue	7,500	4,375	1,991	(2,384)	(54.49%)
Operating expenses					
Medicaid Services	-	-	-	-	0.00%
Healthy Michigan Services	-	-	-	-	0.00%
Total operating expenses	-	-	-	-	0.00%
CY Unspent funds	$ 7,500	$ 4,375	1,991	$ (2,384)	
Transfers in			-		
Transfers out			-	-	
Unspent funds - beginning			20,583,069		
Unspent funds - ending			$ 20,585,060		

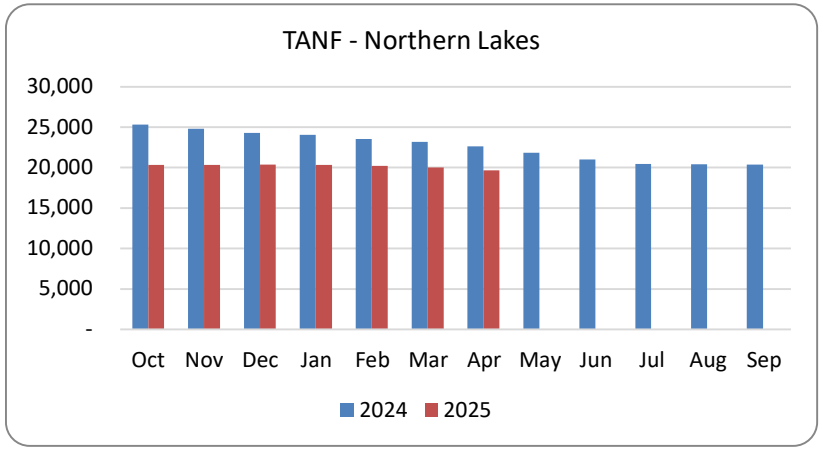
Northern Michigan Regional Entity

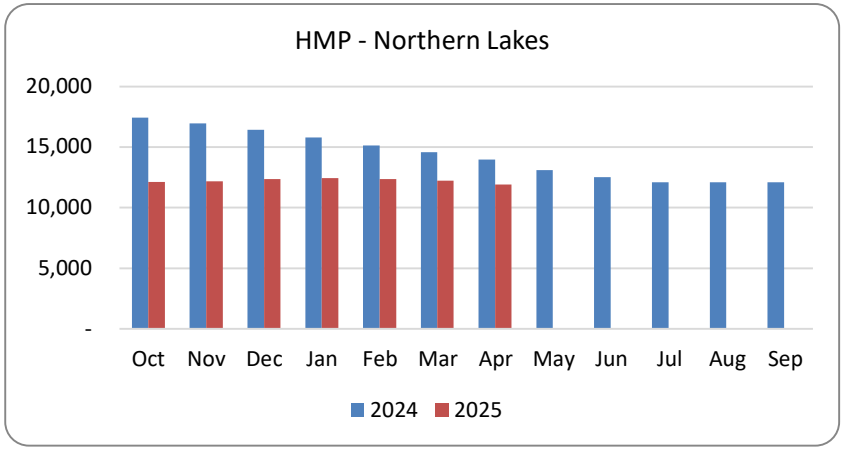
Narrative

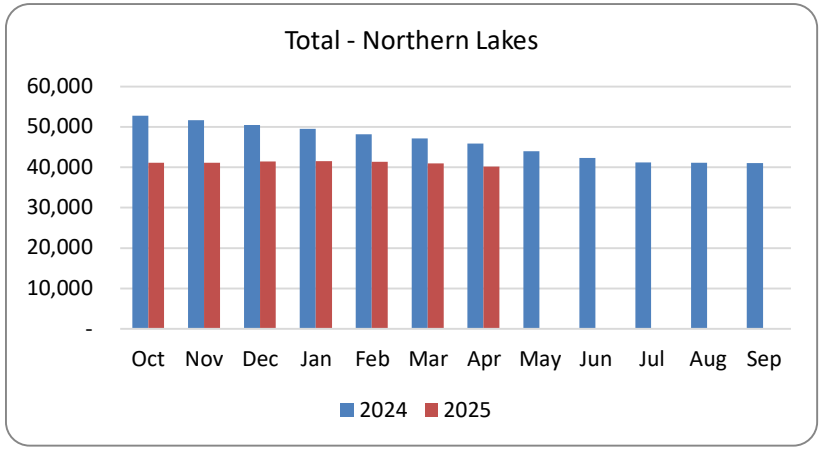
October 1, 2024 through April 30, 2025

Northern Lakes Eligible Members Trending - based on payment files







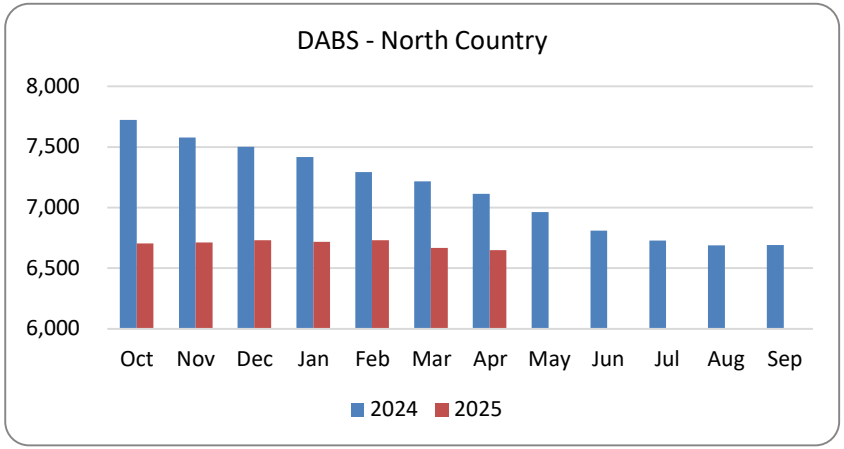


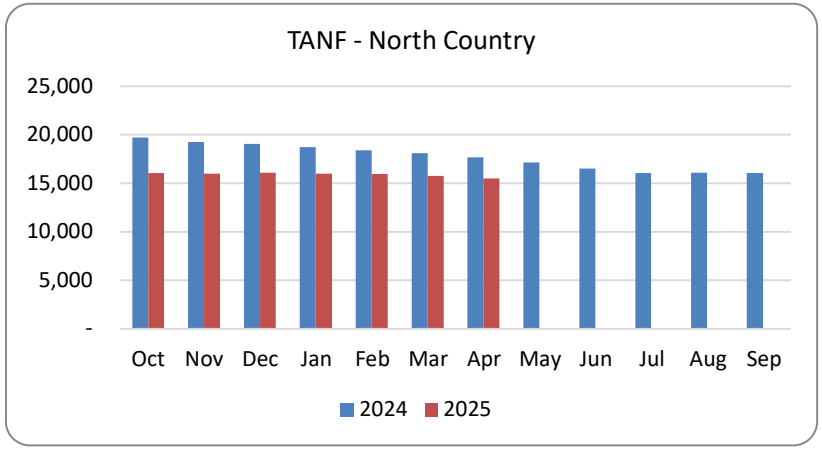
Northern Michigan Regional Entity

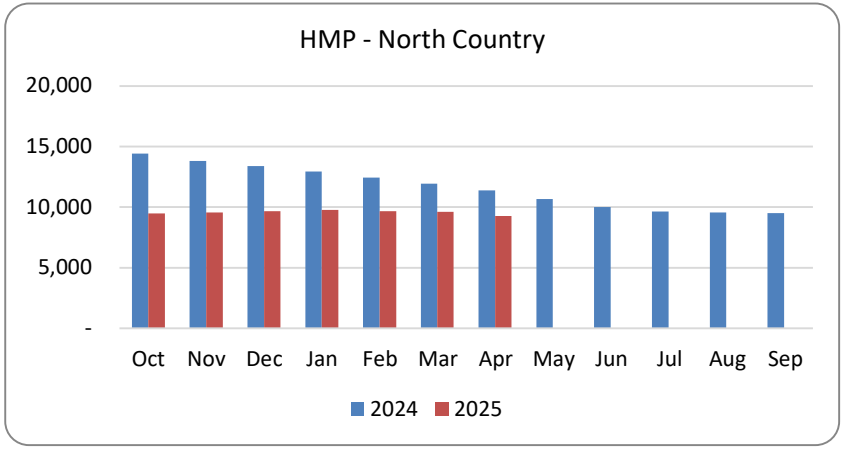
Narrative

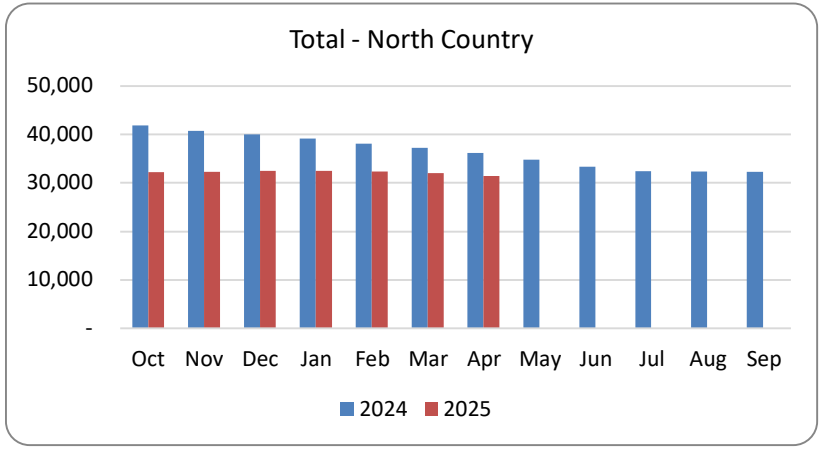
October 1, 2024 through April 30, 2025

North Country Eligible Members Trending - based on payment files







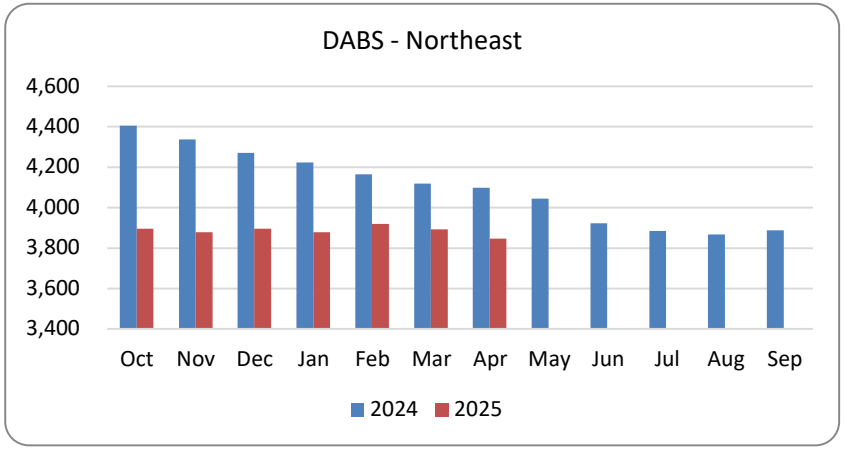


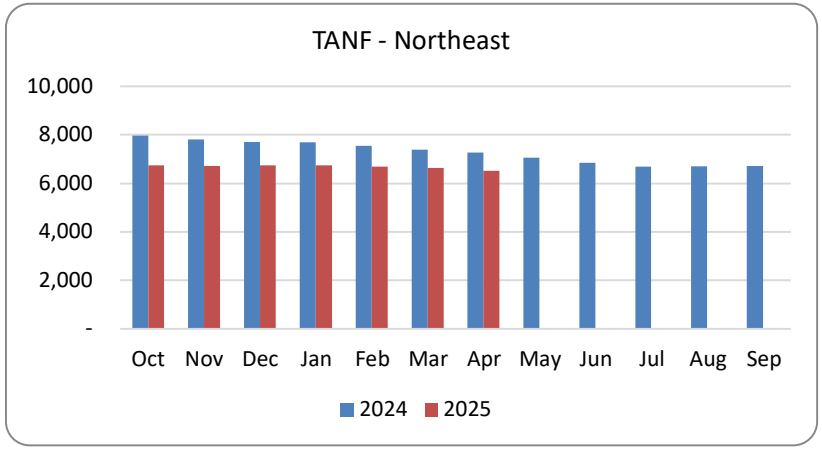
Northern Michigan Regional Entity

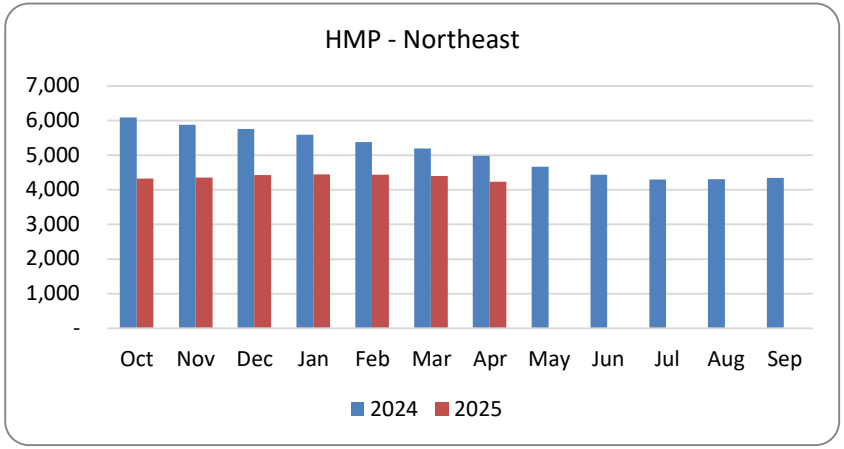
Narrative

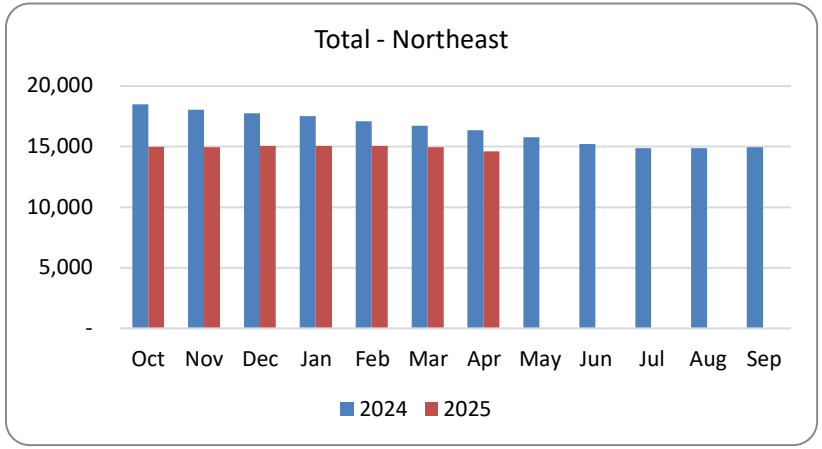
October 1, 2024 through April 30, 2025

Northeast Eligible Members Trending - based on payment files







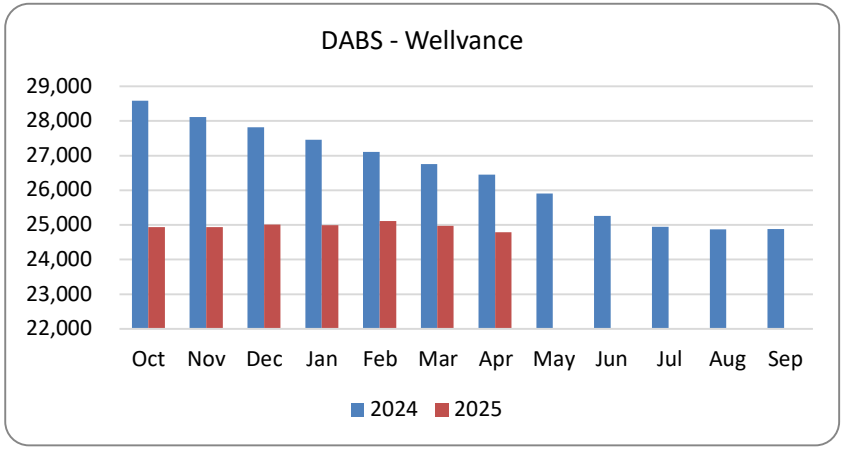


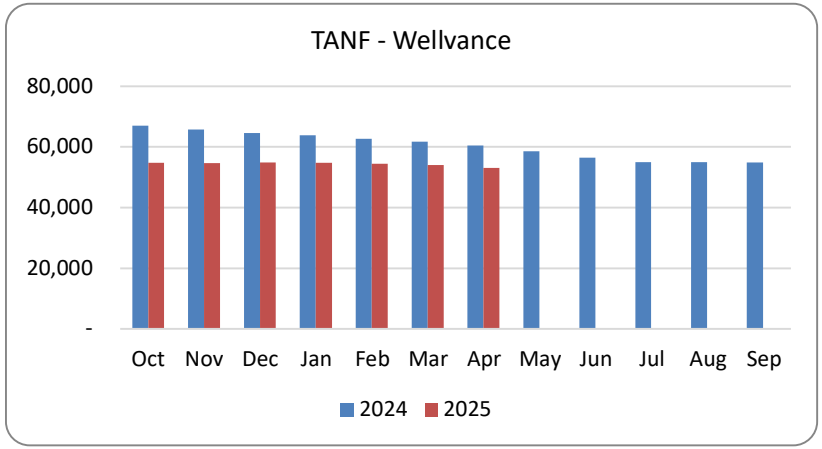
Northern Michigan Regional Entity

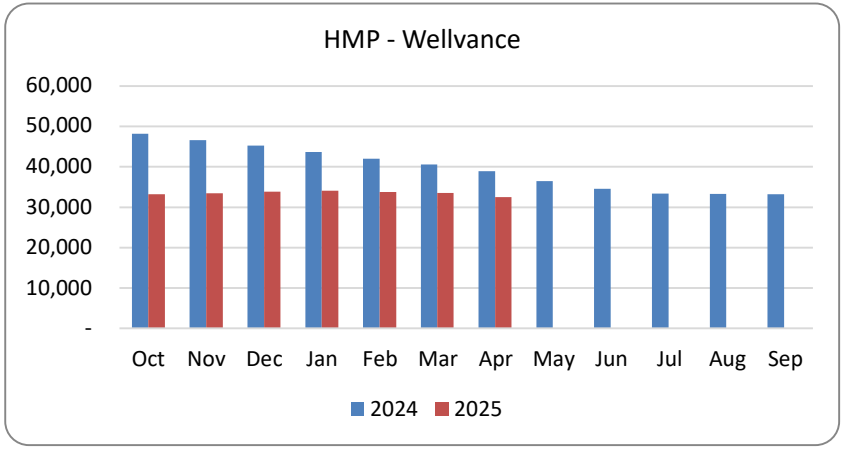
Narrative

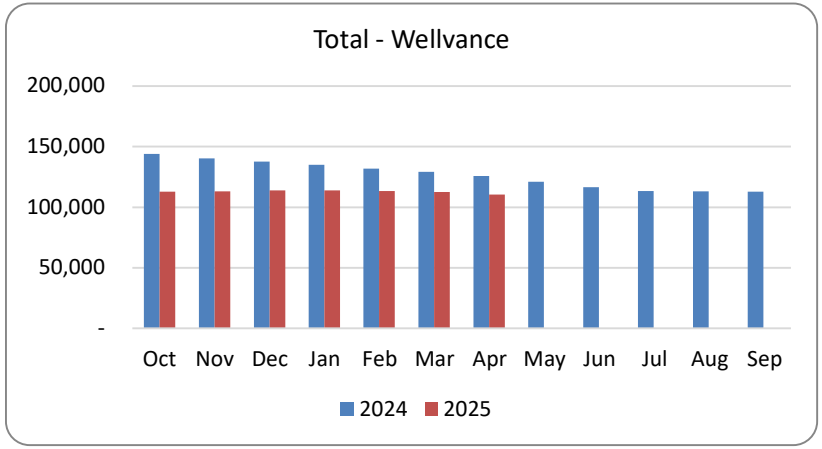
October 1, 2024 through April 30, 2025

Wellvance Eligible Members Trending - based on payment files







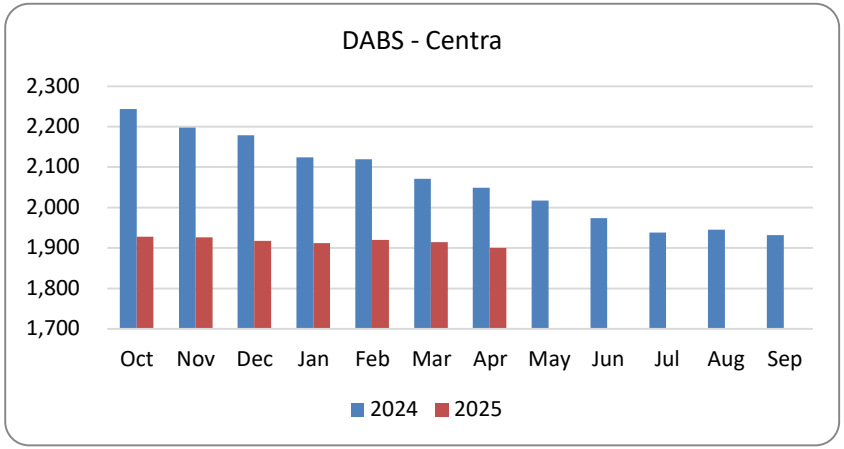


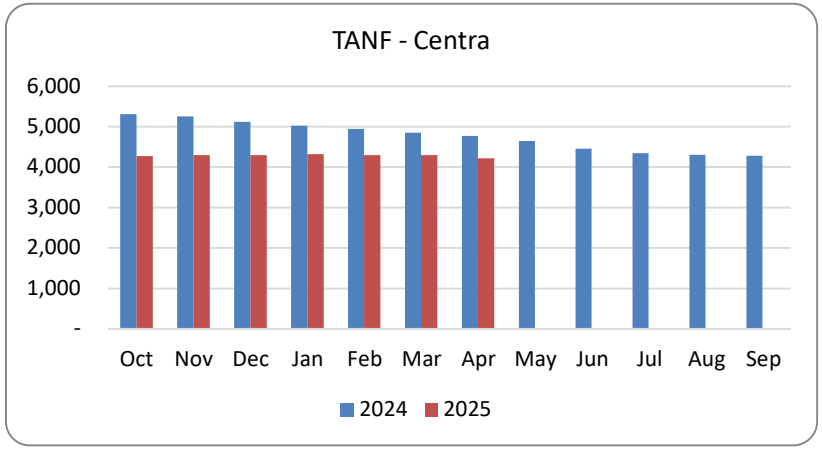
Northern Michigan Regional Entity

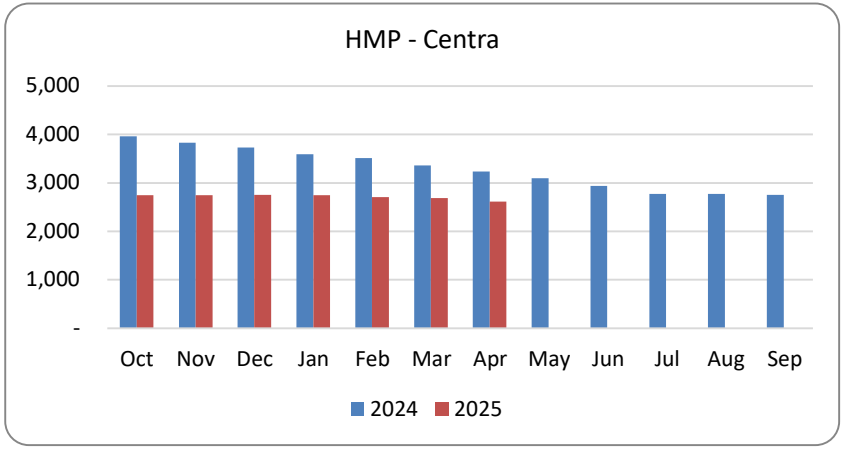
Narrative

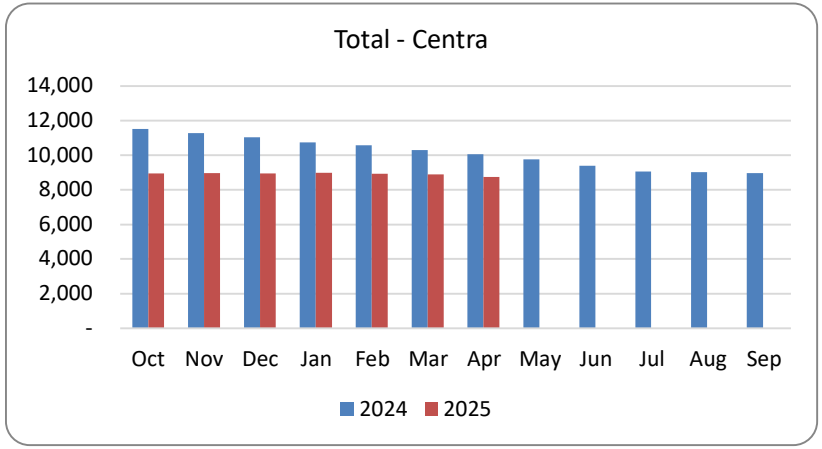
October 1, 2024 through April 30, 2025

Centra Wellness Eligible Members Trending - based on payment files







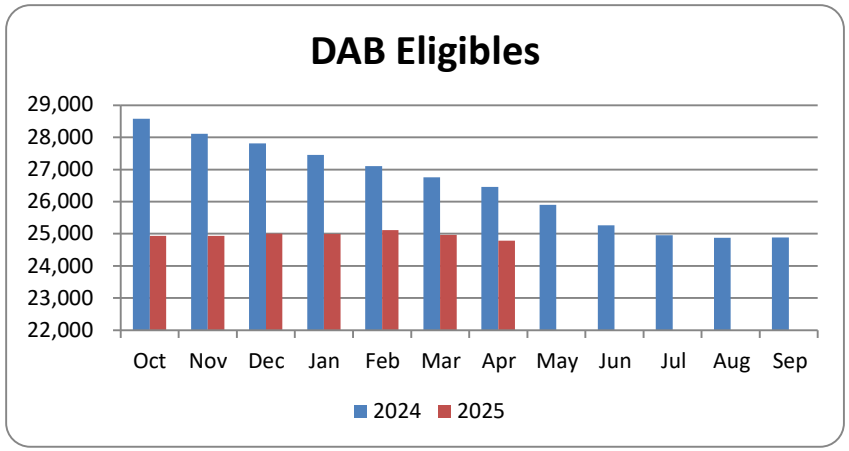


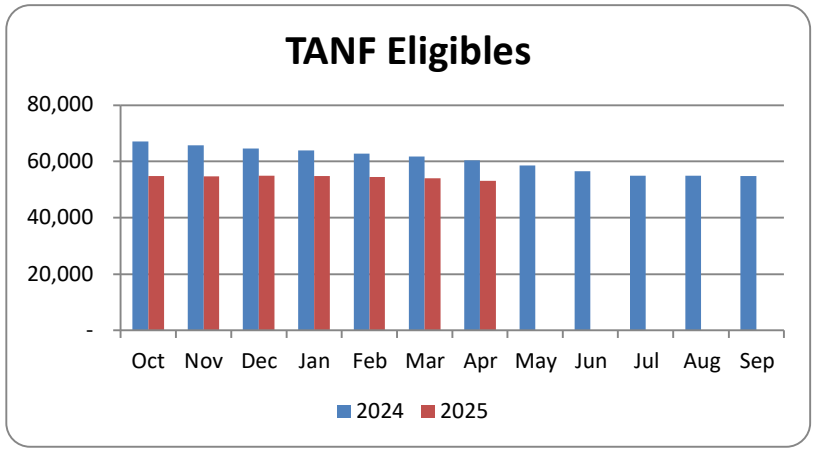
Northern Michigan Regional Entity

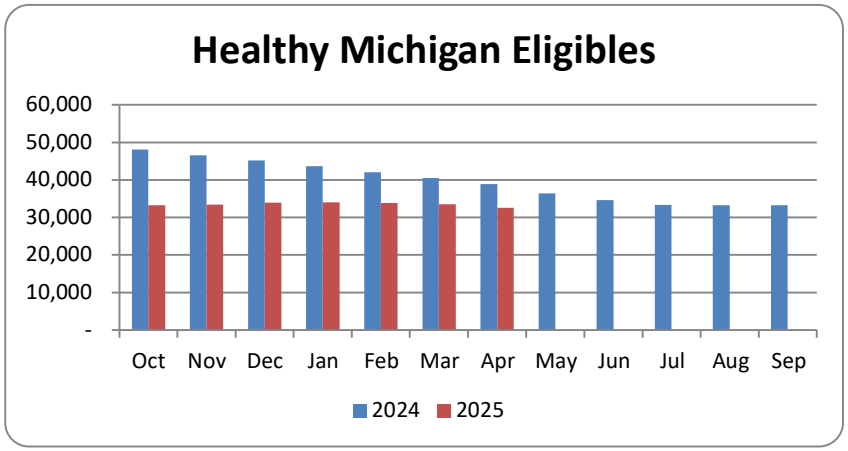
Narrative

October 1, 2024 through April 30, 2025

Regional Eligible Trending





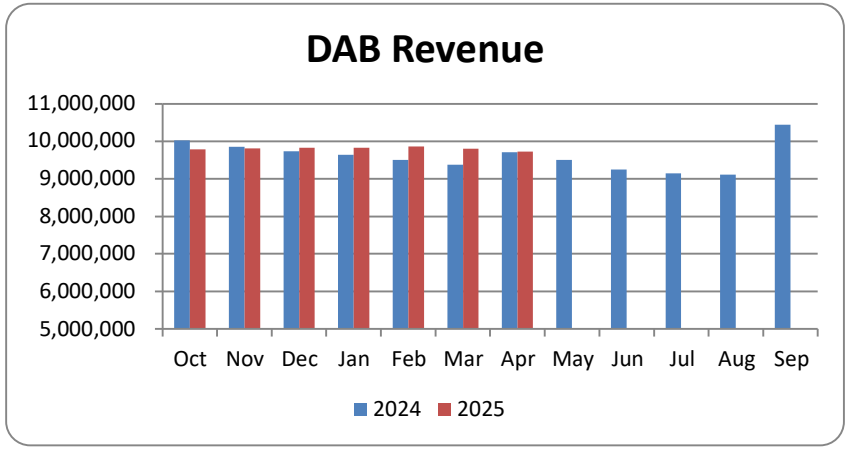


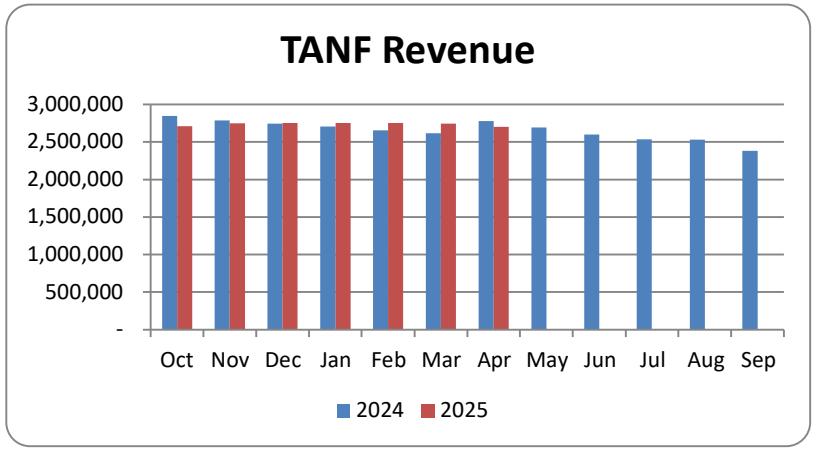
Northern Michigan Regional Entity

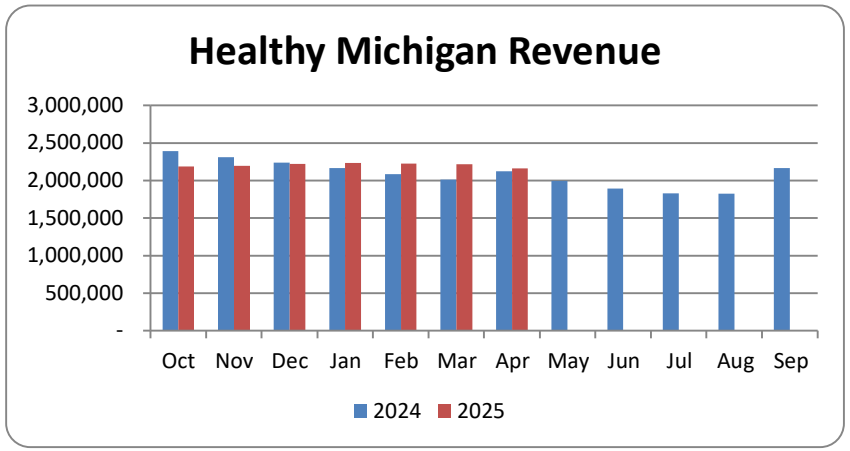
Narrative

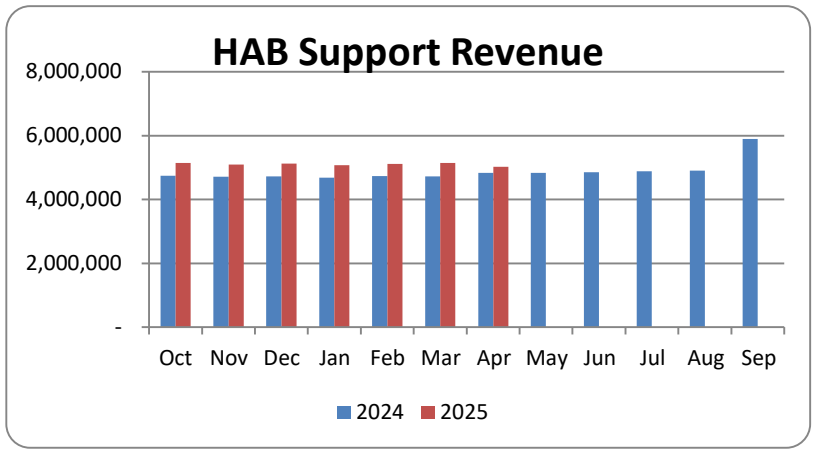
October 1, 2024 through April 30, 2025

Regional Revenue Trending









NORTHERN MICHIGAN REGIONAL ENTITY
OPERATIONS COMMITTEE MEETING
9:30AM – JUNE 17, 2025
GAYLORD CONFERENCE ROOM

ATTENDEES:	**Brian Babbitt, Christine Gebhard (partial), Chip Johnston, Eric Kurtz, Brian Martinus, Trish Otremba, Diane Pelts, Nena Sork, Carol Balousek**

REVIEW OF AGENDA AND ADDITIONS

Mr. Kurtz added that a discussion about proposed MDHHS policy related to the Waskul settlement and Medicaid Provider L Letter 25-30 regarding respite care for children in foster care be added to the meeting agenda. Mr. Johnston requested that a discussion about the regional Business Intelligence and Technology (BIT) Committee be added to the agenda.

ANNOUNCEMENTS

Wellvance Associate CEO, Trish Otremba, was welcomed to the meeting.

APPROVAL OF PREVIOUS MINUTES

The minutes from May 13th were included in the meeting materials.

MOTION BY DIANE PELTS TO APPROVE THE MAY 13, 2025 MINUTES OF THE NORTHERN MICHIGAN REGIONAL ENTITY OPERATIONS COMMITTEE; SUPPORT BY CHIP JOHNSTON. MOTION CARRIED.

FINANCE COMMITTEE AND RELATED

April 2025 Financial Report

- Net Position showed a net surplus for Medicaid and HMP of $1,760,323. Carry forward was reported as $736,656. The total Medicaid and HMP current year surplus was reported as $2,496,979. FY24 HSW revenue was reported as $1,137,411. The total Medicaid and HNMP adjusted current year surplus was reported as $1,359,568. The total Medicaid and HMP Internal Service Fund was reported as $20,576,156. The total Medicaid and HMP net surplus was reported as $23,073,135.
- Traditional Medicaid showed $125,455,745 in revenue, and $121,681,030 in expenses, resulting in a net surplus of $3,774,715. Medicaid ISF was reported as $13,514,675 based on the current FSR. Medicaid Savings was reported as $0.
- Healthy Michigan Plan showed $15,495,242 in revenue, and $17,509,634 in expenses, resulting in a net deficit of $2,014,392. HMP ISF was reported as $7,068,394 based on the current FSR. HMP savings was reported as $736,656.
- Health Home showed $1,950,192 in revenue, and $1,556,270 in expenses, resulting in a net surplus of $393,922.
- SUD showed all funding source revenue of $16,703,387 and $12,993,828 in expenses, resulting in a net surplus of $3,709,559. Total PA2 funds were reported as $4,783,867.

A line was added to the Financial Summary page of the April Financial Report to delineate/subtract FY24 HSW revenue totaling $1,137,411 from the current year's surplus. Ms. Yockey reported that the NMRE's ISF is currently funded $3,141,795 over 7.5%.

	Centra Wellness	North Country	Northeast MI	Northern Lakes	Wellvance
Medicaid	$558,985	$685,741	$522,973	($2,946,182)	$1,026,498
HMP	($423,258)	($250,738)	($177,210)	($2,357,065)	($337,318)
Total	$135,727	$435,003	$345,763	($5,303,247)	$689,179

Revenue & Enrollee Data Analysis
An analysis of October 2023 – May 2025 Revenue and Eligibles was distributed during the meeting for informational purposes. Current monthly revenue is -0.61% lower than in October 2023, although it was noted that the April payment included retroactive HSW payments ($1,137,411 of which were attributed to FY24).

	DAB	HMP	HSW	TANF	Total
YTD May FY24	$77,277,533	$17,234,300	$37,383,213	$21,791,192	$154,447,517
YTD May FY25	$77,331,332	$17,682,446	$42,071,565	$21,967,902	$159,469,973
Increase	$53,799	$448,146	$4,688,352	$176,709	$5,022,456

FY25 Rate Amendment Update
Pursuant to Amendment No. 3 to the PIHP Contract, MDHHS intends on recouping all capitated payments for FY25 and repaying them at a higher rate ($161.4M statewide). This may allow the NMRE to preserve some of its ISF this year. It is unclear whether the full funding will be rolled out by September 30, 2025.
Mr. Kurtz noted that MDHHS plans to go back to the legislature over recent increases to the minimum wage and whether the previous DCW increases were intended to cover that.

MOTION BY BRIAN BABBITT TO RECOMMEND APPROVAL OF THE NORTHERN MICHIGAN REGIONAL ENTITY MONTHLY FINANCIAL REPORT FOR APRIL 2025; SUPPORT BY CHIP JOHNSTON. MOTION APPROVED.

Legal Data Request
Correspondence from attorney Chris Cooke (Secrest Wardle) containing a request for data from the CMHSPs was included in the meeting materials. The CMHSPs were asked to identify what services they are providing, to what population (including how many group homes), access to outside providers, number of employees, and the types and numbers of physical locations.

CMHA Legal Issues Regarding Bid Out
A memorandum dated May 30, 2025 from attorney Neil Marchand (Miller Johnson) to Community Mental Health Association of Michigan CEO, Bob Sheehan providing an analysis of MDHHS' proposed bid out of PIHPs was included in the meeting materials. Mr. Marchand concluded that MDHHS cannot shift to a competitive procurement model for Medicaid behavioral health services without amending the state plan and potentially amending the Mental Health Code.

MENTAL HEALTH FRAMEWORK

Communication from MDHHS dated June 12th regarding the Michigan Medicaid "Mental Health Framework" was included in the meeting materials. Beginning in October 2026, Medicaid Health Plans will be responsible for most mental health services for Medicaid beneficiaries with lower levels of mental health need (including inpatient psychiatric care, crisis residential services, partial hospitalization services, and targeted case management).

CRISIS SKILLS TRAINING

The CMHSPs are having difficulty getting staff the required Crisis Professional training offered by MDHHS and Wayne State University. Currently Northern Lakes has 3-4 training dates scheduled; however, training sessions are restricted to 20 individuals.

NLCMHA UPDATE

Mr. Kurtz indicated that Northern Lakes CMHA's Board Chair has requested that Brian Martinus remain Interim CEO for an additional 30 days, or through July 31, 2025. The hope is that a full-time CEO will be in place by August 1st. Northern Lakes has scheduled a special board meeting on June 27th to interview potential CEO candidates. A special Board Meeting was held on June 9th during which the Board approved the cost containment process but requested a one-page summary of action items to vote on during the June 20th meeting. Action is being taken to reduce spending where it can be.

NMRE Board Vice-Chair, Don Tanner, has requested that the NMRE Board Executive Committee meet to discuss the next steps regarding Northern Lakes.

WASKUL SETTLEMENT COMMUNICATION

Notice of a proposed Medicaid policy related to the Waskul settlement was included in meeting materials. Updates to the Behavioral Health and Intellectual Disability Support and Services chapter of the Medicaid Provider Manual include:

- Clarification of medical necessity language.
- Specified determination criteria must be tailored to the beneficiary.
- Clarification that clinical information includes assessments and input from the beneficiary.
- Specified limitations on PIHP decisions.
- Specified PIHP role in self-directed (SD) arrangements including requirements for budget reductions and managing denial processes, including the role for PIHPs specific to HSW only.
- Definition of Administrative Law Judge (ALJ) authority in SD service arrangements and choice voucher budget hearings.
- Definition of ALJ authority in SD service arrangement terminations.
- Definition of Community Living Supports (CLS) inclusions and exclusions including costs for HSW.
- Definition of Fiscal Management Services (FMS) in more detail.
- Definitions of specific person-centered planning (PCP) requirements related to SD service arrangements.

It was noted that implementation of the policy is contingent on approval of a State Plan Amendment by CMS. Language is included in the 1115 waiver extension, which ends on June 30, 2025.

FOSTER CARE RESPITE

Medicaid Provider L Letter 25-30 dated June 16, 2025 regarding respite services for children in foster care was included in the meeting materials. The letter states in part: "When determining medical necessity criteria for respite services, PIHPs are not permitted to consider a child's involvement in the foster care system or the child's eligibility for services through the Children's Services Administration (CSA) as part of the medical necessity process or service authorization process." Standard 14-day authorization timelines apply.

BIT

Mr. Johnston questioned whether the regional Business Intelligence and Technology (BIT) Committee meetings are needed. The decision was made to retire the BIT Committee but keep the PCE Modules Workgroup.

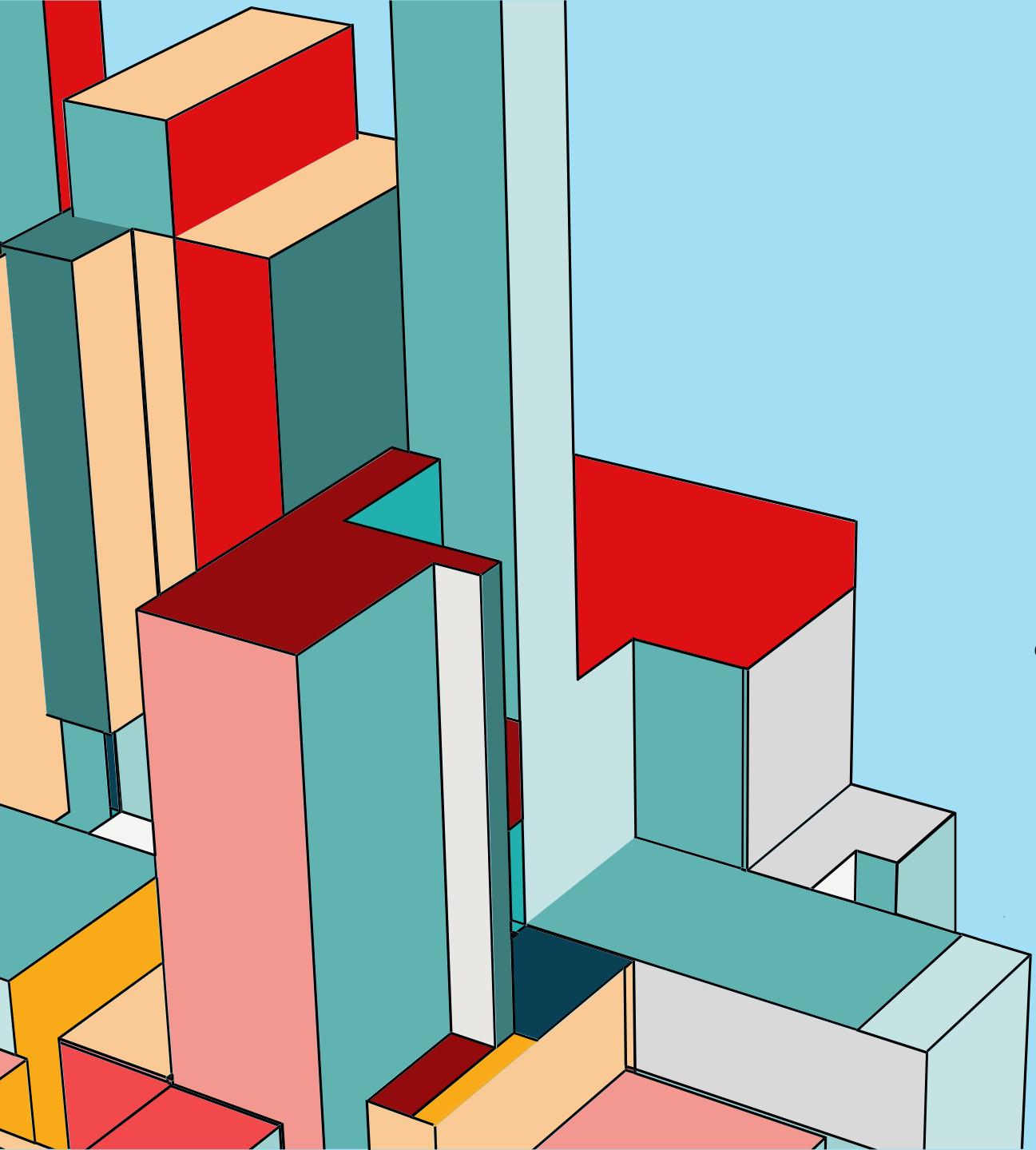
MOTION BY CHIP JOHNSTON TO RETIRE THE NORTHERN MICHIGAN REGIONAL ENTITY REGIONAL BUSINESS INTELLIGENCE AND TECHNOLOGY COMMITTEE WHILE RETAINING THE PCE MODULES WORKGROUP; SUPPORT BY DIANE PELTS. MOTION CARRIED.

OTHER

Former North Country CEO, Christine Gebhard, joined the meeting to discuss her current role as a community liaison for the NMRE. Specifically, she asked what the key priorities for the region are. The group responded that the PIHP bid out and the state's push toward privatization of the mental health system is the most urgent issue. PIHP Regions 1 (NorthCare) and 2 (NMRE) are working collaboratively to oppose the bid out.

NEXT MEETING

The next meeting was scheduled for July 15th at 9:30AM

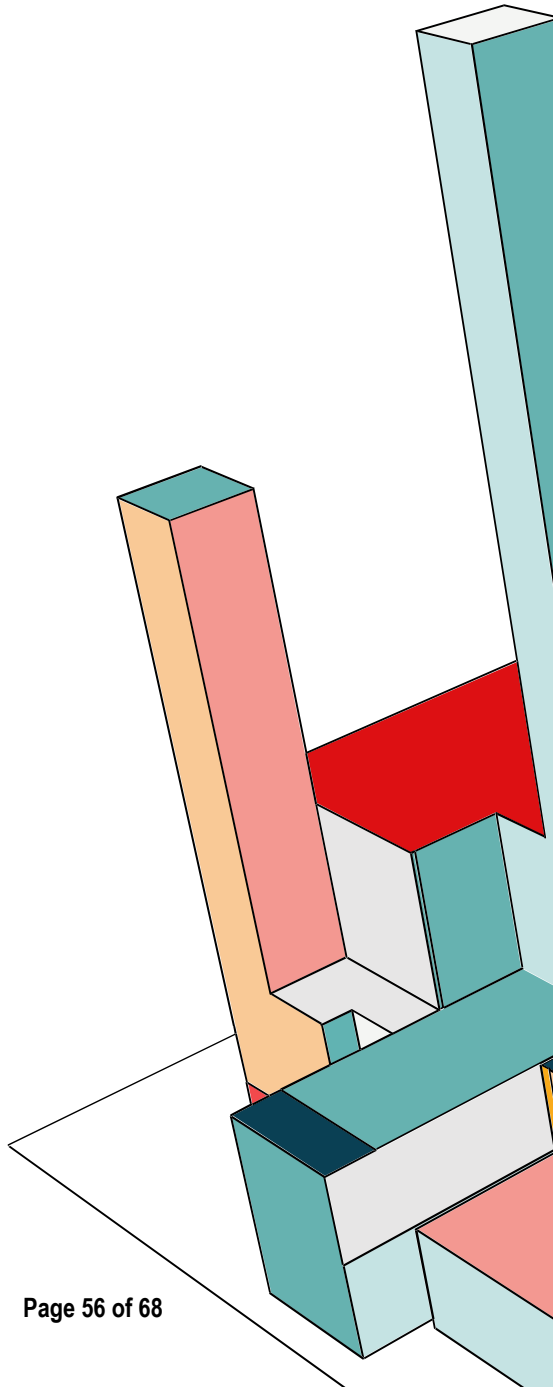


NMRE FY25 QAPIP UPDATE

6/25/2025 NMRE BOARD MEETING

WHAT IS QAPIP?!

- The State of Michigan requires that each Prepaid Inpatient Health Plan (PIHP) has a Quality Assessment and Performance Improvement Program (QAPIP).



PURPOSE OF A QAPIP?

The QAPIP is intended to serve several functions, including but not limited to:

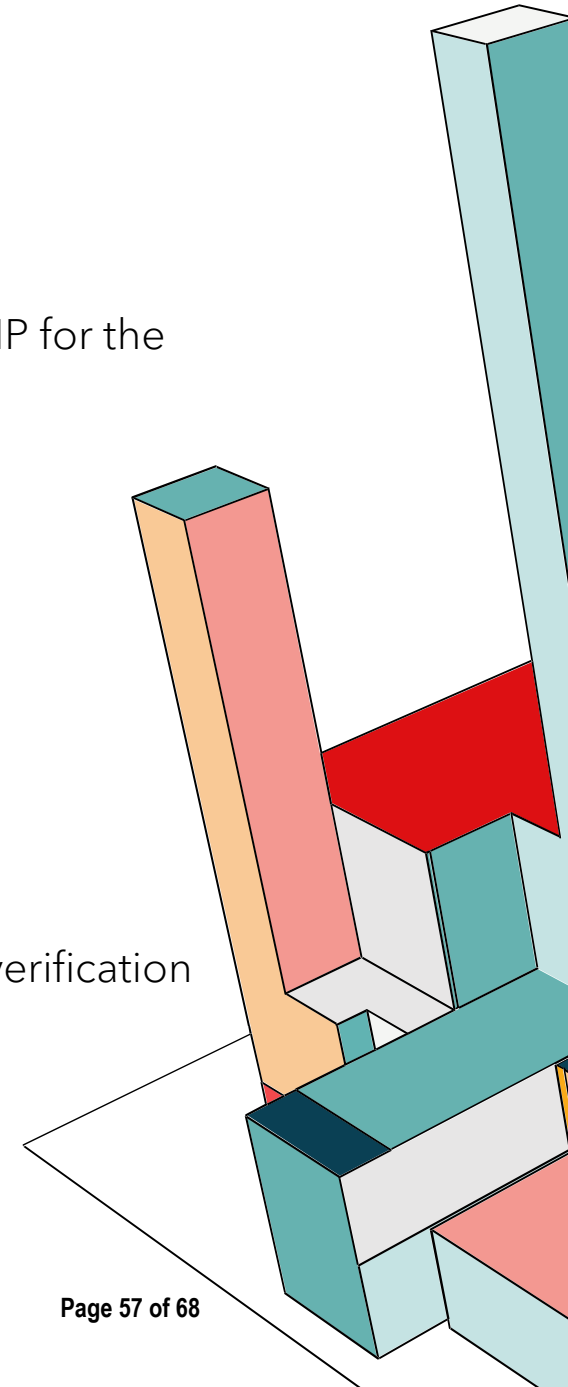
- Serve as the *quality improvement structure* for the managed care activities of the NMRE as the PIHP for the twenty-one-county area.

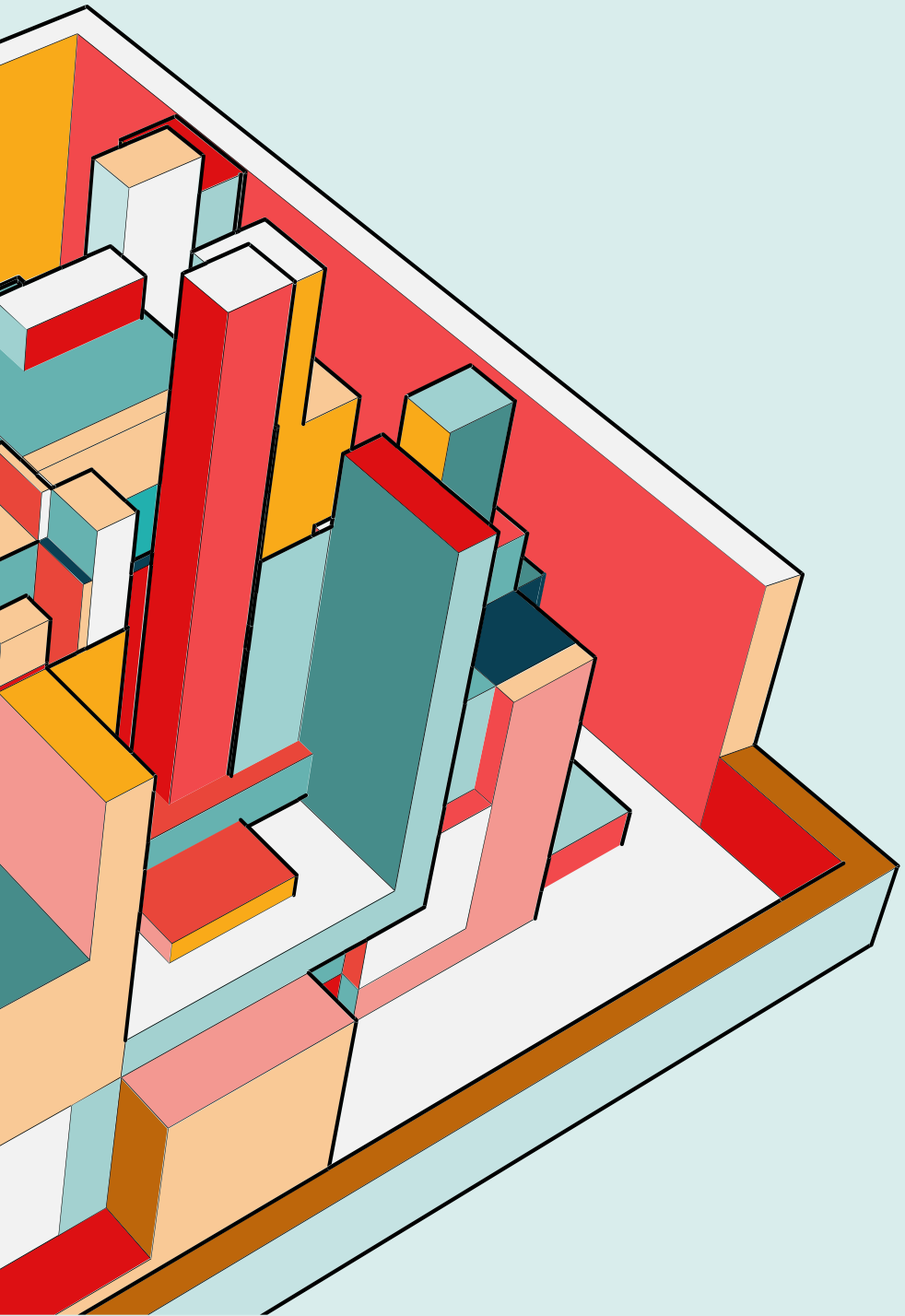
- *Provide oversight of the CMHSPs' quality improvement* structures and ensure coordination with PIHP activities, as appropriate.

- Provide *leadership and coordination* for the PIHP Performance Improvement Projects (PIPs).

- *Coordinate* with the regional Compliance Coordinator and Regional Compliance Committee for verification of Medicaid claims submitted.

- *Describe* how these functions will be executed within the NMRE's organizational structure.





THE NMRE'S FY25 QAPIP HAS 16 GOALS

And here we will review updates for some of them:

THE OUTCOMES OF SERVICES PROVIDED

IMPACT – HEDIS METRICS

HEALTHCARE EFFECTIVENESS DATA AND INFORMATION SET

Metric	Program	Rate
FUA-30	MICHIGAN MEDICAID TOTAL	38.47
FUA-30	MEDICAID MANAGED CARE	38.91
FUA-30	MEDICAID FEE FOR SERVICE (FFS)	33.24
FUA-30	NORTHERN MICHIGAN REGIONAL ENTITY	42.98
FUH-30AD	MICHIGAN MEDICAID TOTAL	65.27
FUH-30AD	MEDICAID MANAGED CARE	66.18
FUH-30AD	MEDICAID FEE FOR SERVICE (FFS)	58.74
FUH-30AD	NORTHERN MICHIGAN REGIONAL ENTITY	68.25

Metric	Program	Rate
FUM-7AD	MICHIGAN MEDICAID TOTAL	38.47
FUM-7AD	MEDICAID MANAGED CARE	39.27
FUM-7AD	MEDICAID FEE FOR SERVICE (FFS)	32.3
FUM-7AD	NORTHERN MICHIGAN REGIONAL ENTITY	47.77
FUM-30AD	MICHIGAN MEDICAID TOTAL	53.72
FUM-30AD	MEDICAID MANAGED CARE	54.66
FUM-30AD	MEDICAID FEE FOR SERVICE (FFS)	46.67
FUM-30AD	NORTHERN MICHIGAN REGIONAL ENTITY	64.78

HEALTH HOME PIPs

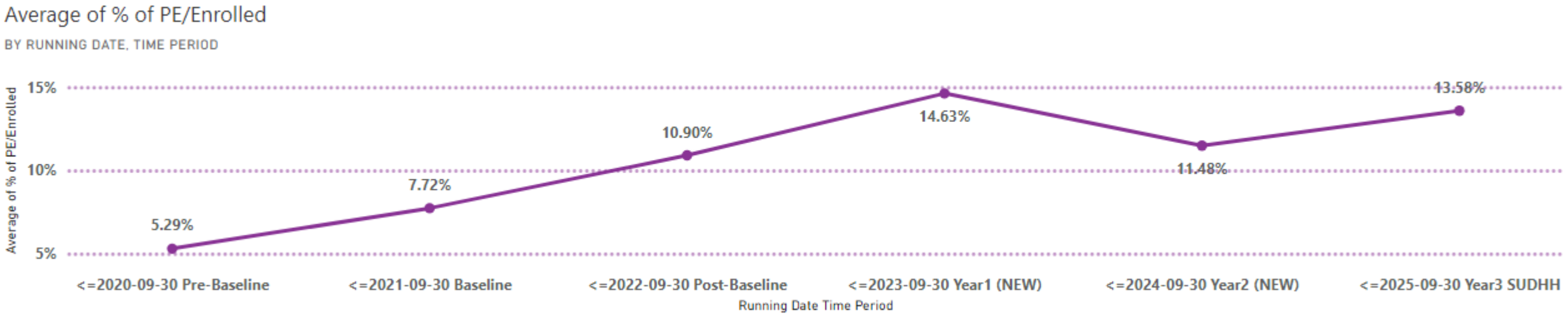
NMRE FY25 QAPIP HAS A 6% ENROLLMENT GOAL FOR BEHAVIORAL HEALTH HOMES

HHBH Comparison of Receiving HHBH Waiver Services versus Potential Enrol...

Receiving BHH Waiver Services	Enrolled + Potential Enrollees who are actively enrolled w/CMHSP	Percent Enrolled	CMHSP
144	770	18.70%	Centra Wellness Network
92	2283	4.03%	North Country CMH
112	1486	7.54%	Northeast Michigan CMH
142	3391	4.19%	Northern Lakes CMH
83	1691	4.91%	Wellvance
573	**9621**	**5.96%**	

HEALTH HOME PIPs

INCREASE IN OHH (SUD-HH FOR THOSE WITH OUD) ENROLLMENTS



OVERCOMING CHALLENGES AND ROOM FOR IMPROVEMENT

Metric HHBH	Program	Rate
FUH-7	MICHIGAN MEDICAID TOTAL	45.96
FUH-7	NORTHERN MICHIGAN REGIONAL ENTITY -	47.38
FUH-7	All BHH programs in Mi	54.55
FUH-7	**NMRE BHH program**	48

NMRE PBIP IMPROVEMENT NEEDS

PERFORMANCE BONUS INCENTIVE POOL

Metric	Program	Rate
IET34-AD	MICHIGAN MEDICAID TOTAL	11.28
IET34-AD	NORTHERN MICHIGAN REGIONAL ENTITY -	13.03

Metric	Program	Rate
SAA-AD	MICHIGAN MEDICAID TOTAL	62.38
SAA-AD	NORTHERN MICHIGAN REGIONAL ENTITY -	70.9

OTHER GOALS

NMRE

Provided IPOS and ABD training to all 5 boards.

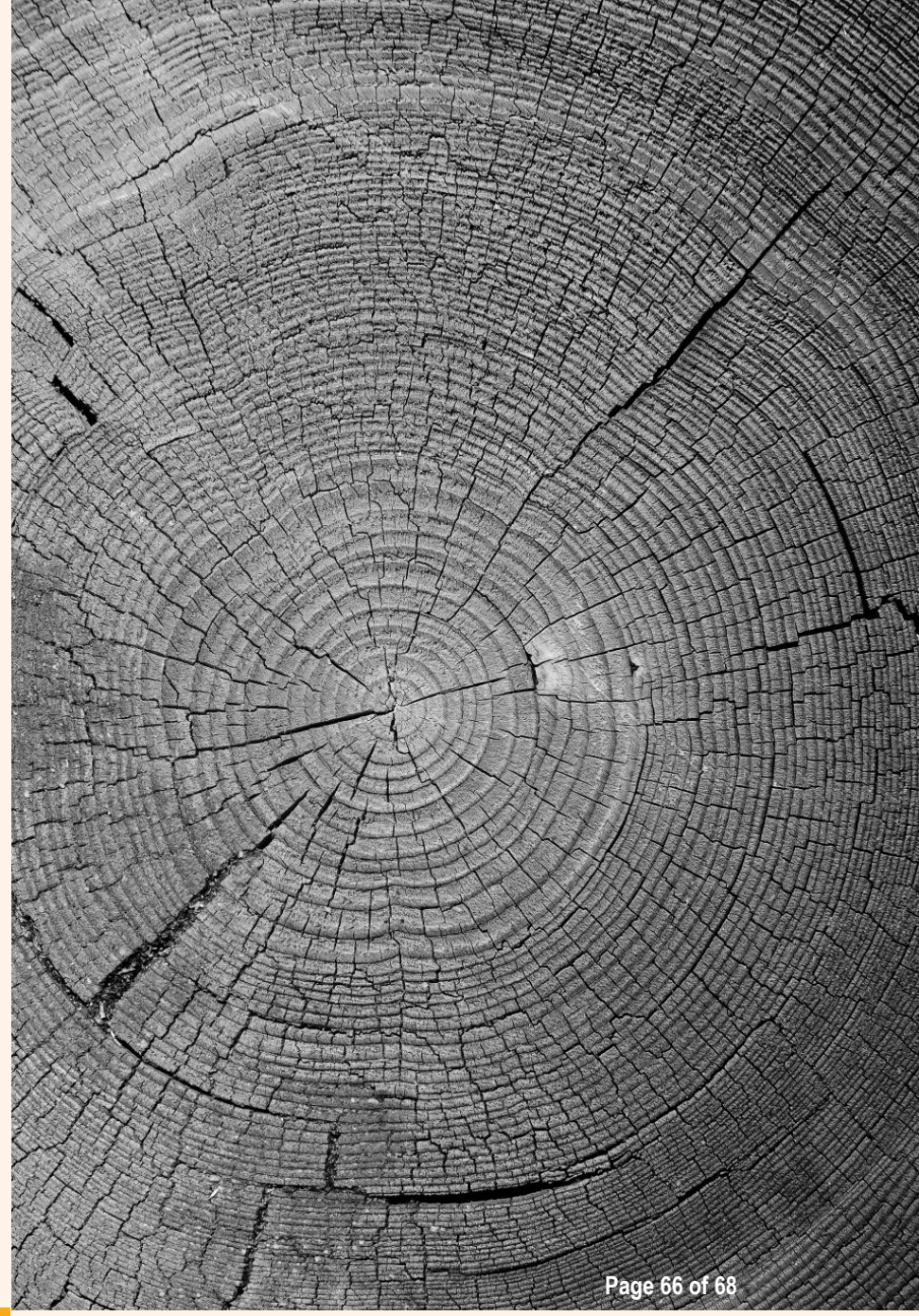
Implemented ABD monitoring for compliance with federal rules

Completes MEV on quarterly basis

Conducts regular site visits for CMHSPs and SUD providers

ANTICIPATED CHANGES

MDHHS SITE VISITS WILL OCCUR ANNUALLY
3-YEAR QUALITY CHANGE IN METRICS
ABD- CHANGES TO OUR PCE SYSTEM TO INCREASE COMPLIANCE
FY27 AUTHORIZATION REQUEST TIMELINES CHANGES



QUESTIONS?

THANK YOU

Branislava Arsenov

barsenov@nmre.org

www.nmre.org