

**NORTHERN MICHIGAN REGIONAL ENTITY
BOARD OF DIRECTORS MEETING
10:00AM – MARCH 27, 2024
GAYLORD BOARDROOM**

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| ATTENDEES: | Bob Adrian, Tom Bratton, Ed Ginop, Gary Klacking, Eric Lawson, Greg McMorrow, Michael Newman, Gary Nowak, Jay O’Farrell, Ruth Pilon, Richard Schmidt, Don Smeltzer, Don Tanner, |
| ABSENT: | Karla Sherman, Chuck Varner |
| NMRE/CMHSP STAFF: | Bea Arsenov, Brian Babbitt, Carol Balousek, Lisa Hartley, Chip Johnston, Eric Kurtz, Brian Martinus, Pamela Polom, Brandon Rhue, Nena Sork, Denise Switzer, Teresa Tokarczyk, Deanna Yockey |
| PUBLIC: | Peter Bucci, Chip Cieslinski, Jackie Guzman, Paula Lipinski, Sue Winter |

CALL TO ORDER

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

ROLL CALL

Let the record show that Karla Sherman and Chuck Varner were excused from the meeting on this date; all other NMRE Board Members were in attendance.

PLEDGE OF ALLEGIANCE

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

ACKNOWLEDGEMENT OF CONFLICT OF INTEREST

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

APPROVAL OF AGENDA

Let the record show that no changes to the meeting agenda were proposed.

MOTION BY DON SMELTZER TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS MEETING AGENDA FOR MARCH 27, 2024; SUPPORT BY ERIC LAWSON. MOTION CARRIED.

APPROVAL OF PAST MINUTES

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

MOTION BY GARY NOWAK TO APPROVE THE MINUTES OF THE FEBRUARY 28, 2024 MEETING OF THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS; SUPPORT BY DON SMELTZER. MOTION CARRIED.

CORRESPONDENCE

- 1) A letter from Robert Sheehan, Chief Executive Officer of the Community Mental Health Association of Michigan (CMHAM), dated February 29, 2024 to CMHSP and PIHP Directors requesting support for the Walk a Mile Rally and the Creative Minds Traveling Art Show.
- 2) A copy of the State of Michigan Certificate of Proclamation from Governor Whitmer declaring April 2024 Alcohol Awareness and Underage Drinking Prevention Month.
- 3) Document from CMHAM titled, "Concerns and Recommendations: MDHHS-Proposed Conflict-Free Access and Planning Approach," dated March 2024.
- 4) A letter from Kristen Jordan, Director of the MDHHS Bureau of Specialty Behavioral Health Services, Behavioral and Physical Health and Aging Services Administration, dated March 7, 2024 to behavioral health providers and valued stakeholders announcing the discontinuation of the Open Beds platform and the initiation of the EMResource platform to track psychiatric bed availability in Michigan.
- 5) A flyer for the NMRE's Day of Education taking place on May 17th at Treetops Resort in Gaylord.
- 6) The draft minutes of the March 13, 2024 regional Finance Committee meeting.

Mr. Kurtz drew attention to the Conflict-Free Access and Planning document from CMHAM. PIHP CEOs met on March 22nd, as MDHHS rolled out options. Current approaches would require a plan from the NMRE to be approved by the state and CMS to show conflict of interest is avoided both structurally and procedurally. MDHHS will be meeting with the CMHSPs on April 1st. This could result in some minor procedural changes within the region unless the state lessens its current approach.

Mr. Kurtz highlighted the NMRE's Day of Education on May 17th at Treetops resort. The event is intended for individuals served within the NMRE region.

ANNOUNCEMENTS

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

PUBLIC COMMENT

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

Executive Committee Report

The minutes from the March 20th Executive Committee meeting were included in the materials for the meeting on this date. The meeting was called so that Richard Carpenter could review the recommendations from Rehmann pertaining to the financial portion of the management review. Rehmann recommended, and the Executive Committee supported, the following:

- **RECOMMENDATION**: NLCMHA should divest from the MI-Choice Waiver program as soon as possible, while ensuring continuity of service during a planned transition period.
- **RECOMMENDATION**: NLCMHA should divest from the Integrated Health Clinic as soon as possible.

During its meeting on March 21, 2024, the Northern Lakes CMHA Board voted to:

- Notify MDHHS of the intent to divest from the MIChoice Waiver program subject to legal review and due diligence.

- Instruct executive staff to report back to the Board in 30 days with a plan to divest from the Integrated Health Clinic program.

Mr. Adrian asked whether there are other community organizations that would assume the two programs. Mr. Bratton responded that it would be up to MDHHS to decide, however, there is a possibility that the MIChoice Waiver Program could be moved to the Area Agency on Aging or the or the Program of All-Inclusive Care for the Elderly (PACE) Program. More should be known about interest in taking over the Integrated Health Clinic program in April.

MOTION BY GREG MCMORROW TO ACCEPT THE RECOMMENDATIONS FROM REHMANN AS CONTAINED IN THE "FINANCIAL ASSESSMENT PRELIMINARY REPORT OF NORTHERN LAKES CMHA" AND THE ACTIONS TAKEN BY THE NORTHERN LAKES COMMUNITY MENTAL HEALTH AUTHORITY BOARD OF DIRECTORS ON MARCH 21, 2024; SUPPORT BY GARY NOWAK. MOTION CARRIED.

CEO Report

The NMRE CEO Monthly Report for March 2024 was included in the materials for the meeting on this date. Mr. Kurtz drew attention to the meeting with Rep. Betsy Coffia (103rd House District) on March 4th. Many issues were discussed, including House Bills 5371 and 5371, alternatives to the CCBHC, and services to the mild/moderate population.

Mr. Tanner proposed the option of retaining Medicaid savings to serve mild/moderate population. The decision was made to compile regional data about services to mild/moderate individuals being served by the CMHSPs. Clarification was made that CMHSP can serve the mild/moderate population using general funds; for Medicaid beneficiaries, the mild/moderate population is served by the Medicaid Health Plans.

Mr. Kurtz also highlighted the Dispute Resolution Committee meetings that are occurring among the six counties served by Northern Lakes CMHA.

January 2024 Financial Report

- Net Position showed net surplus Medicaid and HMP of \$2,090,954. Carry forward was reported as \$11,624,171. The total Medicaid and HMP Current Year Surplus was reported as \$13,715,125. The total Medicaid and HMP Internal Service Fund was reported as \$20,576,156. The total Medicaid and HMP net surplus was reported as \$34,291,281.
- Traditional Medicaid showed \$69,391,463 in revenue, and \$65,959,671 in expenses, resulting in a net surplus of \$3,431,792. Medicaid ISF was reported as \$13,510,136 based on the current FSR. Medicaid Savings was reported as \$845,073.
- Healthy Michigan Plan showed \$9,509,821 in revenue, and \$10,850,689 in expenses, resulting in a net deficit of \$1,340,838. HMP ISF was reported as \$7,066,020 based on the current FSR. HMP savings was reported as \$10,779,098.
- Health Home showed \$927,739 in revenue, and \$798,396 in expenses, resulting in a net surplus of \$129,343.
- SUD showed all funding source revenue of \$10,015,858 and \$8,840,780 in expenses, resulting in a net surplus of \$1,175,078. Total PA2 funds were reported as \$4,956,807.

A rate adjustment is expected in April 2024.

- Original FY24 rates did not include funding for direct-care workers to receive the additional per hour rate paid at time-and-a-half for overtime hours worked.
- Original FY24 enrollment projections materially understated the number of individuals that would be disenrolled from Medicaid.

Increased rates will likely be retroactive to October 1, 2023; revenue that would have been received from October through March will be added to the April through September payments.

MOTION BY GARY NOWAK TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY MONTHLY FINANCIAL REPORT FOR JANUARY 2024; SUPPORT BY DON SMELTZER. MOTION CARRIED.

Performance Bonus Incentive Payment

The NMRE received the final FY23 Performance Bonus Incentive Pool (PBIP) award announcement on March 22nd. Payments will be made to the NMRE by April 30, 2024.

| TOTAL WITHHOLD | TOTAL WITHHOLD UNEARNED | TOTAL DISTRIBUTION OF UNEARNED | TOTAL EARNED |
|----------------|-------------------------|--------------------------------|----------------|
| \$1,720,949.50 | \$0 | \$478,659.66 | \$2,199,609.16 |

Ms. Yockey will distribute the funds to the CMHSPs based on PMPM; these funds may be used as local dollars.

NMRE Clinical Services Director, Bea Arsenov, noted that a portion of the PBIP is centered around “Implementation of Joint Care Management Process.” This involves care coordination with Medicaid Health Plans and involves services to the mild/moderate population.

HSW Open Slots

Currently there are 11 empty HSW slots in the region. Each slot averages \$7,135 in monthly revenue. It was noted that the region has seen an increase in Children with Serious Emotional Disturbances (SED) Waiver enrollments; current enrollment is 34 with is up 325% from this time last year.

Operations Committee Report

The draft minutes from March 19, 2024 were included in the materials for the meeting on this date.

Mr. Kurtz asked the CMHSP CEOs about rural caucus (PIHP Regions 1 & 2 plus Sanilac County) meeting on March 15th regarding Rural Flexibilities for CCBHCs. Mr. Babbit noted that there has been a seismic change in messaging from MDHHS and CMHAM. CEOs were given the opportunity to voice why the CCBHC is a poor model in a rural setting. Ms. Sork affirmed that CCBHC and evidence-based practice (EBP) metrics set rural areas up to fail. The CMHSPs were able to highlight crisis intervention and crisis stabilization services. Mr. Johnston emphasized that MDHHS needs to consider the geography/population before rolling out programs intended to fix problems in southeast Michigan.

NMRE SUD Oversight Committee Report

The minutes from the March 4th NMRE Substance Use Disorder Oversight Committee meeting were included in the materials for the meeting on this date. A Liquor tax request will be reviewed under the next agenda topic.

NEW BUSINESS

Liquor Tax Request

One liquor tax request was presented to the NMRE Substance Use Disorder Oversight Committee and moved for approval of NMRE Board of Directors on March 4, 2024.

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|-------------------------|--------------------------------------|-----------|---------|------------|
| Catholic Human Services | Cheboygan County Drug-Free Coalition | Cheboygan | Renewal | \$9,500.00 |
|-------------------------|--------------------------------------|-----------|---------|------------|

MOTION BY RICHARD SCHMIDT TO APPROVE THE REQUEST FROM CATHOLIC HUMAN SERVICES FOR LIQUOR TAX DOLLARS IN THE AMOUNT OF NINE THOUSAND FIVE HUNDRED DOLLARS (\$9,500.00) TO SUPPORT THE "PULLING TOGETHER" DRUG-FREE COALITION IN CHEBOYGAN COUNTY; SUPPORT BY JAY O'FARRELL. ROLL CALL VOTE.

"Yea" Votes: R. Adrian, T. Bratton, E. Ginop, G. Klacking, E. Lawson, G. McMorrow, M. Newman, G. Nowak, J. O'Farrell, R. Pilon, R. Schmidt, D. Smeltzer, D. Tanner

"Nay" Votes: Nil

MOTION CARRIED.

NMRE Board Nominating Committee

The election of NMRE Board Officers is scheduled to occur during the April meeting. Mr. Tanner appointed the following individuals to the Nominating Committee.

- Gary Klacking representing AuSable Valley Community Mental Health Authority
- Don Smeltzer representing Centra Wellness Network
- Michael Newman representing North Country Community Mental Health Authority
- Eric Lawson representing Northeast Michigan Community Mental Health Authority
- Tom Bratton representing Northern Lakes Community Mental Health Authority

A meeting of the Nominating Committee will take place prior to the April Board meeting date.

OLD BUSINESS

Northern Lakes CMHA Update

An update on the management review of Northern Lakes CMHA was provided under the Executive Committee meeting discussion. Mr. McMorrow noted that some Northern Lakes CMHA Board members expressed frustration that comprehensive management review reports have not been provided to date. Mr. Kurtz acknowledged that the delay is not due to Rehmann; a meeting with NMRE counsel and possibly Northern Lakes CMHA counsel needs to occur. The forensic audit is currently underway.

NMRE Board Resolution

As requested by Mr. Bratton during the February Board meeting, the Operations Committee drafted Board Resolution language to establish the regional entity's position regarding rural community behavioral health service delivery in Michigan's Prepaid Health Plan Region 2, which was included in the materials for the meeting on this date. Highlights of the resolution were summarized as follows:

- 1) NOW, THEREFORE, BE IT RESOLVED that the Northern Michigan Regional Entity shall support effective and efficacious rural and frontier behavioral health interventions while maximizing scarce resources towards those ends, whenever possible.
- 2) NOW, THEREFORE, BE IT RESOLVED that we beseech the State of Michigan to increase accessibility to State Facility Treatment Centers up to and including psychiatric hospital beds for children and adults, including those with the dual diagnosis of severe and persistent mental illness and intellectual developmental disabilities.
- 3) NOW, THEREFORE, BE IT RESOLVED that we beseech the State of Michigan to work with the Michigan Medicaid Health Plans to increase fee-for-service Medicaid rates to rural providers to maintain and enhance community supports and services outside the public system.
- 4) NOW, THEREFORE, LET IT BE RESOLVED, that amendments to contracts between the Michigan Department of Health and Human Services and Community Mental Health Services Programs within the NMRE region, shall include increases to the Community Mental Health Non- Medicaid Services budgetary line and have annual cost of living increases to improve access to those not currently on Medicaid or found to have mild or moderate forms of mental illness.
- 5) NOW, THEREFORE, BE IT RESOLVED, that the NMRE encourages the Michigan Department of Health and Human Services to view Health Homes under Section 2703 of the Accountable Care Act to be the preferred behavioral and substance use approach to integration initiatives in rural and frontier settings.
- 6) NOW, THEREFORE, BE IT RESOLVED, that the NMRE beseeches the State of Michigan Department of Health and Human Services to work closely with rural communities to ensure that great care is taken with proposed new programs and that those programs have shown effectiveness and fiscal sustainability in rural communities, such as those in Northern Michigan.
- 7) NOW, THEREFORE, BE IT RESOLVED, that the Northern Michigan Regional Entity Board of Directors shall support the aforementioned items and rural/frontier focused programs within its and its member Community Mental Health Services Programs' service areas.

Mr. Bratton thanked Mr. Johnston for his efforts in drafting the resolution.

Mr. Bratton indicated that the CCBHC demonstration should supply its own independent study; a report was supposed to come out of the University of Michigan, but it has not yet been furnished.

MOTION BY TOM BRATTON TO ADOPT THE RESOLUTION TO ESTABLISH THE REGIONAL ENTITY'S POSITION REGARDING RURAL COMMUNITY BEHAVIORAL HEALTH SERVICE DELIVERY IN MICHIGAN'S PREPAID HEALTH PLAN REGION 2 AS PRESENTED AND REVIEWED ON THIS DATE; SUPPORT BY RUTH PILON. ROLL CALL VOTE.

“Yea” Votes: R. Adrian, T. Bratton, E. Ginop, G. Klacking, E. Lawson, G. McMorrow, M. Newman, G. Nowak, J. O’Farrell, R. Pilon, R. Schmidt, D. Smeltzer, D. Tanner

“Nay” Votes: Nil

MOTION CARRIED.

The full resolution is attached to these meeting minutes and incorporated herein.

PRESENTATION

Substance Use Disorder (SUD) Block Grant and Liquor Tax (PA2) Interplay

A chart showing the flow of PA2/liquor tax funds was included in the meeting materials. Mr. Kurtz reviewed the flow chart.

If, at the end of the NMRE’s fiscal year, there is excess SUD Block Grant funding available, it will be used to offset liquor tax expenses as opposed to lapsing SUD Block Grant funding. In reverse, if SUD Block Grant funding runs a deficit, PA2 funding is used for treatment deficits, normally for under or uninsured clients. Due to the rapid decline in HMP enrollment (approximately 20%), the NMRE will likely have to rely on liquor tax funds to supplement SUD Block Grant funding in FY24.

The first five months of FY24 saw a 60% increase in spending block grant vs. the same period in FY23. The NMRE has been tracking Block Grant spending by level of care, provider, and specific codes. A Utilization Care Manager has been hired to monitor authorizations.

Mr. Tanner asked whether the drop in HMP enrollment can be attributed to post-Covid normalization. Ms. Arsenov responded that higher acuity is being observed, which leads to longer stays; more individuals are also being served region wide.

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

Board members were asked to review the proposed criteria for liquor tax requests as shown in the March 4th SUD Oversight Committee meeting minutes.

Additional block grant funds have been requested from the Department. The NMRE will keep the Board informed as this topic develops.

COMMENTS

Board

Mr. Bratton thanked those who met with Rep. Coffia for taking this important step.

Staff/NMRE CEOs

Mr. Johnston offered his assistance to Mr. Martinus and Northern Lakes CMHA.

NEXT MEETING DATE

The next meeting of the NMRE Board of Directors was scheduled for 10:00AM on April 24, 2024.

ADJOURN

Let the record show that Mr. Tanner adjourned the meeting at 12:14PM.

NORTHERN MICHIGAN REGIONAL ENTITY

RESOLUTION TO ESTABLISH THE REGIONAL ENTITY'S POSITION REGARDING RURAL COMMUNITY BEHAVIORAL HEALTH SERVICE DELIVERY IN MICHIGAN'S PREPAID HEALTH PLAN REGION #2

WHEREAS, Northern Michigan Regional Entity (NMRE) is dedicated to ensuring that the residents of its 21 county area have access to essential behavioral health services.

WHEREAS, NMRE covers 11,158 square miles and has a total population of 524,470 or 47 people per square mile and is larger than 8 states and equivalent to the size of Maryland.

WHEREAS, NMRE, because of its rural and frontier nature, has developed clinical approaches that are appropriate in such a setting.

WHEREAS, per Michigan Mental Health Code (Act 258 of 1974) 330.1204b Sec. 204b (2)(b), the NMRE was granted the power to contract with the state to serve as the Medicaid specialty service prepaid inpatient health plan for the designated service areas of the participating community mental health services programs.

WHEREAS, per Michigan Mental Health Code (Act 258 of 1974) 330.1206 Sec. 206 (1), the purpose of a Community Mental Health Services Program shall be to provide a comprehensive array of mental health services appropriate to conditions of individuals who are located within its **geographic service area**, regardless of an individual's ability to pay.

NOW, THEREFORE, BE IT RESOLVED that the Northern Michigan Regional Entity shall support effective and efficacious rural and frontier behavioral health interventions while maximizing scarce resources towards those ends, whenever possible.

WHEREAS, the NMRE and its member Community Mental Health Services Programs are in agreement that access to state facilities, when required for consumer and community safety is difficult to obtain and access.

NOW, THEREFORE, BE IT RESOLVED that we beseech the State of Michigan to increase accessibility to State Facility Treatment Centers up to and including psychiatric hospital beds for children and adults, including those with the dual diagnosis of severe and persistent mental illness and intellectual developmental disabilities.

WHEREAS, the NMRE supports and seeks support from the Michigan Department of Health and Human Services to encourage the Michigan Medicaid Health Plans within its region to increase fee- for-service rates to qualified behavioral health and substance use providers to support and maintain a community benefit in rural Michigan.

NOW, THEREFORE, BE IT RESOLVED that we beseech the State of Michigan to work with the Michigan Medicaid Health Plans to increase fee-for-service Medicaid rates to rural providers to maintain and enhance community supports and services outside

the public system.

WHEREAS, contract language between the Michigan Department Health and Human Services and the Community Mental Health Services Programs within the NMRE region regarding services to the citizen's in the region who are not covered by Medicaid and who are often found to be in crisis or have mild to moderate mental illness could effectively be treated by the public system if the state simply increased the Community Mental Health Non-Medicaid Services budgetary line and tie-barred that line into cost of living increases for future years.

NOW, THEREFORE, LET IT BE RESOLVED, that amendments to contracts between the Michigan Department of Health and Human Services and Community Mental Health Services Programs within the NMRE region, shall include increases to the Community Mental Health Non- Medicaid Services budgetary line and have annual cost of living increases to improve access to those not currently on Medicaid or found to have mild or moderate forms of mental illness.

WHEREAS, NMRE staff and NMRE member Community Mental Health Service Programs have found that Behavioral and Opioid/Substance Use Health Homes under Section 2703 of the Accountable Care Act are not only cost effective but improve physical, behavioral, and substance use in rural settings.

NOW, THEREFORE, BE IT RESOLVED, that the NMRE encourages the Michigan Department of Health and Humans Services to view Health Homes under Section 2703 of the Accountable Care Act to be the preferred behavioral and substance use approach to integration initiatives in rural and frontier settings.

WHEREAS, because the NMRE and its member Community Mental Health Services Programs are susceptible to programmatic changes which are not proven effective in rural communities, care should be taken by the Michigan Department of Health and Humans Services before services and programs are deemed mandatory or required; not doing so could shatter a very fragile network of behavioral health and substance use providers inadvertently creating a treatment "desert". So,

NOW, THEREFORE, BE IT RESOLVED, that the NMRE beseeches the State of Michigan Department of Health and Human Services to work closely with rural communities to ensure that great care is taken with proposed new programs and that those programs have shown effectiveness and fiscal sustainability in rural communities, such as those in Northern Michigan.

WHEREAS, the Northern Michigan Regional Entity Board of Directors shall support the region to pursue programs and interventions that are tailored for rural and frontier communities for the purposes of efficacy and efficiency.

NOW, THEREFORE, BE IT RESOLVED, that the Northern Michigan Regional Entity Board of Directors shall support the aforementioned items and rural/frontier focused programs within its and its member Community Mental Health Services Programs' service areas.

Upon a call of the roll the vote was as follows:

“Yea” Votes: R. Adrian, T. Bratton, E. Ginop, G. Klacking, E. Lawson, G. McMorrow, M. Newman, G. Nowak, J. O’Farrell, R. Pilon, R. Schmidt, D. Smeltzer, D. Tanner

“Nay” Votes: Nil

Absent: K. Sherman, C. Varner

RESOLUTION DECLARED ADOPTED.

Board Chairperson Name: Don Tanner

Signature:

A handwritten signature in black ink, appearing to read "Donald H. Tanner", written over a horizontal line.

Board Secretary Name: Gary Nowak

Signature:

A handwritten signature in black ink, appearing to read "G. Nowak", written over a horizontal line.