

**NORTHERN MICHIGAN REGIONAL ENTITY
BOARD OF DIRECTORS MEETING
10:00AM – MAY 27, 2026
GAYLORD BOARDROOM**

ATTENDEES:	Bob Adrian, Dave Freedman, Ed Ginop, Ron Iseler, Dana Labar, Eric Lawson, Mary Marois, Michael Newman, Jay O’Farrell, Ruth Pilon, Mark Surbrook, Don Tanner, Chuck Varner
VIRTUAL ATTENDEES:	Tim Markey (Beulah)
ABSENT:	Karen Goodman
NMRE STAFF/CMHSP CEOs:	Bea Arsenov, Brian Babbitt, Brady Barnhill, Jodie Balhorn, Carol Balousek, Eugene Branigan, Gail Grangood-Griffin, Lisa Hartley, Chip Johnston, Eric Kurtz, Brie Molaison, Trish Otremba, Pamela Polom, Nena Sork, Denise Switzer, Deanna Yockey, Lynda Zeller
PUBLIC:	Erin Barbus, Ann Friend, John Galarza, Sarah Garthe, Genevieve Groover, Sarah Hegg, Terri Henderson, Patricia Henkel, Larry LaCross, Rob Palmer
GUEST:	Nicole Hudson

CALL TO ORDER

Let the record show that Board Chairman, Ed Ginop, called the meeting to order at 10:00AM.

ROLL CALL

Let the record show that Karen Goodman was absent from the meeting on this date. All other Board Members were in attendance either in person or virtually.

PLEDGE OF ALLEGIANCE

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

ACKNOWLEDGEMENT OF CONFLICT OF INTEREST

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

APPROVAL OF AGENDA

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

MOTION BY CHUCK VARNER TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS MEETING AGENDA FOR MAY 27, 2026; SUPPORT BY JAY O’FARRELL. 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 22, 2026 MEETING OF THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS; SUPPORT BY MARY MAROIS. MOTION CARRIED.

CORRESPONDENCE

1. Email correspondence from Community Mental Health Association of Michigan (CMHA) CEO, Robert Sheehan, dated May 14, 2026, sharing the "Core Components of a Strengthened and Improved Public Mental Health System in Michigan" as approved by CMHA Board of Directors.
2. Action Alert from CMHA dated May 7, 2026, urging legislators to support House Boilerplate Sections 1020-1022, which:
 - 1020: Prevents MDHHS from moving forward with any major procurement or rebidding process involving public behavioral health services (including PIHP administration) unless specific legislative conditions are met,
 - 1021: Blocks MDHHS from using state or federal funds to implement or advance the proposal commonly called the "Mental Health Framework" (or similar approaches) that would shift responsibilities among PIHPs/CMHSP, and Medicaid Health Plans,
 - 1022: Requires MDHHS to reimburse certain CMHSPs that belong to a PIHP involved in the Waskul settlement case for costs tied to the settlement agreement.
3. Email correspondence from CMHA CEO, Robert Sheehan, dated May 21, 2026, sharing and summarizing the Center for Healthcare Integration & Innovation's (CHI²) FY26 CMHSP client satisfaction report.
4. Email correspondence from CMHA CEO, Robert Sheehan, dated April 16, 2026, providing an analysis of concerns with recently issued documents by MDHHS regarding the Mental Health Framework.
5. Email correspondence from MDHHS's Specialty Behavioral Health Services Director, Kristin Morningstar, dated May 15, 2026, stated that, "MDHHS will temporarily delay the MHF Coverage Responsibility policy to allow time for system-wide preparation."
6. Savings and Policy Recommendations from Public Sector Consultants' Fiscal Year 2027 Medicaid Savings Workgroup prepared for the Michigan State Budget Office.
7. Request from CMHA for Voting Delegates during the Summer Conference on June 8th in Traverse City.
8. A letter from financial auditors Roslund, Prestage, and Company (RPC) to NMRE Board Members dated May 18, 2026," extending Board Members the opportunity to share with our firm any concerns they may have regarding the PIHP, whether they be in relation to FSR reporting, controls over assets, or issues regarding personnel, and ask any questions they have regarding the FY25 compliance audit."
9. The Quarter 1 FY26 Performance Indicator Consultation Draft Report.
10. The draft minutes of the May 13, 2026 NMRE Regional Finance Committee meeting.

Mr. Kurtz drew attention to the positive CHI² satisfaction survey findings, with overall satisfaction calculated at 87.48%.

Mr. Kurtz next drew attention to the letter to NMRE Board Members from RPC. Christina Schaub from RPC is scheduled to present FY25 audit findings to the Board in June.

ANNOUNCEMENTS

New Board Member, Tim Markey, representing Centra Wellness Network, was introduced to the group.

It was noted that the Certificate of Appreciation for former NMRE Board Chair, Gary Klacking, will be mailed to him as he was unable to attend the meeting on this date.

PUBLIC COMMENT

Let the record show that the members of the public attending the meeting 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 2026 was included in the materials for the meeting on this date. Mr. Kurtz highlighted his participation in Northeast Michigan's Board Planning Session on May 14th and thanked Ms. Sork and Mr. Lawson for the invitation.

March 2026 Financial Report

- Net Position showed a net surplus for Medicaid and HMP of \$543,878. Carry forward was reported as \$2,844,054. The total Medicaid and HMP current year surplus was reported as \$3,387,932. The total Medicaid and HMP Internal Service Fund was reported as \$20,590,089. The total Medicaid and HMP net surplus was reported as \$23,978,021.
- Traditional Medicaid showed \$15,574,883 in revenue, and \$112,178,716 in expenses, resulting in a net surplus of \$3,396,167. Medicaid ISF was reported as \$13,519,285 based on the current FSR. Medicaid Savings was reported as \$2,844,054.
- Healthy Michigan Plan showed \$13,430,188 in revenue, and \$16,282,477 in expenses, resulting in a net deficit of \$2,852,289. HMP ISF was reported as \$7,070,804 based on the current FSR. HMP savings was reported as \$0.
- Health Home showed \$1,569,239 in revenue, and \$1,383,976 in expenses, resulting in a net surplus of \$185,263.
- SUD showed all funding source revenue of \$11,019,605 and \$9,512,296 in expenses, resulting in a net surplus of \$1,507,309. Total PA2 funds were reported as \$4,938,372.

PA2/Liquor Tax was summarized as follows:

Projected FY26 Activity			
Beginning Balance	Projected Revenue	Approved Projects	Projected Ending Balance
\$5,137,481	\$1,847,106	\$2,096,443	\$4,913,143

Actual FY26 Activity			
Beginning Balance	Current Receipts	Current Expenditures	Current Ending Balance
\$5,137,481	\$507,324	\$706,433	\$4,938,372

	Centra Wellness	North Country	Northeast MI	Northern Lakes	Wellvance
Medicaid	\$665,191	\$1,944,961	\$1,426,547	(\$2,234,909)	\$2,540,603
HMP	(\$275,591)	(\$158,394)	(\$59,198)	(\$1,430,258)	(\$161,277)
Total	\$389,600	\$1,786,567	\$1,367,349	(\$3,665,167)	\$2,379,325

October 2025 through April 2026 revenue looks like September 2025; however, the NMRE observed a 7% loss in eligibles. FY26 revenue is approximately \$12M lower than Milliman projections. A rate adjustment is anticipated.

Quarter 1 PA2 payments were used by the Michigan Department of Treasury to pay on debt. Mr. O'Farrell raised the issue during a recent meeting of the Michigan Association of Counties (MAC). No additional information on what "debt" was covered was provided. Quarter 2 payments were received by both the PIHPs and counties at the end of April.

MOTION BY DON TANNER TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY MONTHLY FINANCIAL REPORT FOR MARCH 2026; SUPPORT BY JAY O'FARRELL. ROLL CALL VOTE.

"Yea" Votes: B. Adrian, D. Freedman, E. Ginop, R. Iseler, D. Labar, E. Lawson, M. Marois, M. Newman, J. O'Farrell, R. Pilon, M. Surbrook, D. Tanner, C. Varner

"Nay" Votes: Nil

MOTION CARRIED.

Operations Committee Report

The draft minutes from the May 19, 2026, Operations Committee meeting were included in the materials for the meeting on this date. As stated previously, the Mental Health Framework has been put on pause. During this time, MDHHS will implement a new mental health services benefit plan (BH-COVER). Beneficiaries assigned to the BH-COVER benefit plan will have all medically necessary mental health services covered by their PIHP, including outpatient mental health services delivered outside of the CMHSP network. MHP'S will cover inpatient psychiatric hospital admissions, outpatient partial hospitalization, and crisis residential services delivered to MHP beneficiaries who are not assigned to the BH-COVER benefit plan.

State rural transformation funding has been made available to develop Crisis Stabilization Units. Mr. Kurtz informed MDHHS that the NMRE would not be pursuing CSUs, mainly due to the 72-hour release requirement, cost, and lack of demand for such services. Mr. Kurtz indicated, however, that the NMRE could come up with alternative uses for funding, such as cost settling with regional resources (McLaren Northern Michigan Behavioral Health Center, Grand Traverse Mental Health Crisis and Access Center, Alpine CRU). Ms. Zeller noted that the Grand Traverse Mental Health Crisis and Access Center will be opening a 6-bed pediatric crisis residential unit in the fall of 2026. A 9-bed adult CRU is also planned.

NMRE SUD Oversight Committee Report

The draft minutes from the May 4, 2026, Substance Use Disorder Oversight Committee meeting were included in the materials for the meeting on this date. One liquor tax request was included under "New Business."

NEW BUSINESS

Liquor Tax Request

The Liquor Tax funds parameters approved by the NMRE Board of Directors on April 24, 2024 were included in the meeting materials to inform the SUD Oversight Committee's decision whether to recommend approval of the liquor tax requests brought before the Committee on this date.

The following liquor tax request was recommended for approval by the NMRE Substance Use Disorder Oversight Committee on May 4, 2026.

1. Charlevoix County Jail Individual Counseling Charlevoix \$25,000 Continuation

Meets PA2 Parameters? ☒ Yes ☐ No

Discussion:

Clarification was made that, if approved, this request would be retroactive to October 1, 2025. Quarterly reports received by the NMRE have shown positive outcomes.

MOTION BY DON TANNER TO APPROVE THE REQUEST FROM CHARLEVOIX COUNTY FOR LIQUOR TAX DOLLARS IN THE AMOUNT OF TWENTY-FIVE THOUSAND DOLLARS (\$25,000.00) TO PROVIDE INDIVIDUAL COUNSELING TO INMATES OF THE CHARLEVOIX COUNTY JAIL; SUPPORT ERIC LAWSON. ROLL CALL VOTE.

"Yea" Votes: B. Adrian, D. Freedman, R. Iseler, D. Labar, E. Ginop, E. Lawson, M. Marois, M. Newman, J. O'Farrell, R. Pilon, M. Surbrook, D. Tanner, C. Varner

"Nay" Votes: Nil

MOTION CARRIED.

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

	Projected FY26 Available Balance	Amount Approved May 4, 2026	Projected Remaining Balance
Charlevoix	\$88,644.40	\$25,000.00	\$63,644.40

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

OLD BUSINESS

CMHSP Updates

Mr. Johnston reported that he has been working collaboratively with Mr. Babbit and Ms. Zeller to expand the "Bridge to Mental Health" program that originated in Benzie County. The program uses rural transformation funding to train a Sheriff's Deputy (Crisis Response Officer) in mental health and the CMHSP system. Antrim County is applying for a Michigan Health Endowment grant to move forward. Rural transformation funding will be approached for equipment/assets. It was noted that support from MDHHS will be needed. The hope is to have the Crisis Response Officers in place by October 1st.

Ms. Sork reported that Crisis Intervention Team (CIT) training is taking place in Alpena on May 28th – 29th. Ms. Sork met with Rep. Cam Cavitt (106th District) on May 22nd and updated him on several concerns, including a request that standard definitions for "rural" and "frontier" be added to boilerplate language. Northeast Michigan CMHA is applying for a Michigan Health Endowment grant to adapt evidence-based Assisted Outpatient Treatment (AOT) practices for rural and frontier

implementation. The Rural Health Caucus (the 10 CMHSP CEOs from PIHP Regions 1 and 2) is meeting on May 29th in St. Ignace.

Ms. Zeller added that the goal of the Rural Caucus is to inform Medicaid policy before it takes effect. Many evidence-based practices and MDHHS mandates are cost prohibitive in rural areas. A portion of the region's PBIP funds has been reserved to research evidence-based and rural best practices.

PIHP Contract Dispute – COC Update

The Opinion and Order issued by Judge Sima Patel on April 29, 2026, regarding Court of Claims Case #24-000198-MZ regarding the FY25 PIHP Contract was included in the materials for the meeting on this date. The Court issued a mixed ruling. MDHHS succeeded in dismissing claims related to the proposed FY25 contract and any alleged right to future contracts. However, the plaintiffs preserved significant claims related to the ongoing FY24 transition period, and those issues will move into discovery.

A Court of Claims Scheduling Order from Judge Sima Patel dated April 29, 2026, was also included in the materials for the meeting on this date. The Court directed the parties to work together and submit a proposed scheduling order. The parties are required to enter into mediation prior to further litigation

A Motion for Reconsideration and Clarification from Attorney Christopher Ryan (Taft, Stettinius & Hollister, LLP) filed May 18, 2026, on behalf of Plaintiffs asking the Court to revisit a narrow portion of its April 29, 2026, opinion was also included in the materials for the meeting on this date. Mr. Ryan argued that the Court misunderstood or overlooked specific legal distinctions, namely that the Court treated Regional Entities and PIHPs as if they are the same thing when they are legally distinct. Community Mental Health Service Programs (CMHSPs) may choose to create regional entities. Once created, regional entities have statutory "power to contract" with the State to act as the PIHP for their service area. The Court incorrectly concluded that because regional entities are optional, MDHHS can discontinue contracting with them. Plaintiffs argued that once a regional entity exists, MDHHS has an obligation to continue contracting with it. Mr. Ryan contended that correcting this distinction should change the earlier ruling and establish that MDHHS must continue funding/contracting with regional entities.

The Court previously ruled that Plaintiffs lacked standing to challenge provisions in the proposed FY25 contract because no fully executed FY25 contract existed. Plaintiffs say the Court may have unintentionally swept too broadly. Mr. Ryan explained that Plaintiffs were not merely arguing that certain FY25 provisions are unlawful," they were also arguing that "MDHHS cannot force them to follow FY25 provisions when there is no binding FY25 contract."

Mr. Ryan pointed out that the Court simultaneously allowed claims to proceed, alleging MDHHS was already trying to impose FY25 requirements during the FY24 transition period, including applying a more restrictive ISF cap, imposing Waskul settlement requirements as Medicaid policy, and shifting CCBHC responsibilities without funding. If the Court agrees, Plaintiffs should be able to seek a declaration that those FY25 terms are not binding.

PRESENTATION

MDHHS provided a Michigan Medicaid Program update during the CEO retreat on May 11th. Nicole Hudson, Director, Office of Oversight & Program Coordination, was invited to give the same update to the NMRE Board on this date.

Michigan is required to implement HR1 by January 1, 2027, but CMS is not expected to issue final guidance until June 1, 2026. Despite the late release of federal guidance, CMS has indicated it will not offer a good-faith-effort exemption or allow states to delay implementation.

Major Eligibility Changes include:

- **New Work Requirements** – Applies to many Healthy Michigan Plan (HMP) enrollees 19-64, who must work, train or volunteer at least 80 hours for one month. Non-compliance will lead to loss of coverage.
- **Six-Month Redeterminations** – Eligibility checks for HMP every six months, instead of annually. Increased risk of coverage interruptions due to paperwork gaps.
- **Limited Retroactive Eligibility** – 90-day retroactive coverage ceases. HMP = one month prior to application. Other Medicaid enrollees = two months prior to application.
- **Limits on Non-Citizen Eligibility** – Fewer pathways to coverage for lawfully present non-citizens. Affected individuals will lose full coverage. Moving to Emergency Services Only (ESO) coverage.

MDHHS will check if a beneficiary met the work requirements when they apply for Medicaid or renew their Medicaid coverage. Individuals applying for Medicaid (Healthy Michigan Plan) must meet the work requirements for at least one month immediately preceding the month during which the individual applies. Per CMS, the state may not dictate the specific months during which a beneficiary must demonstrate work requirements.

COMMENTS

Board

Mr. Freedman stated that with HR1, the federal government cost shifted a huge burden to states and localities.

CMHSP CEOs/Staff

Mr. Johnston noted that the implementation of Healthy Michigan funding in 2014 reduced the appropriation of general funds to CMHSPs because many individuals who had previously received services funded with state dollars became eligible for federally supported Medicaid coverage. With the new requirements, HMP enrollees are at greater risk of losing coverage, but there has been no talk about increasing general fund allocations. Ms. Zeller suggested working with CMHAM on directed education to the state regarding what CMHSPs gave up in general funds during Medicaid expansion.

NEXT MEETING DATE

The next meeting of the NMRE Board of Directors was scheduled for 10:00AM on June 24, 2026.

ADJOURN

Let the record show that Mr. Ginop adjourned the meeting at 11:55AM.