

**NORTHERN MICHIGAN REGIONAL ENTITY
BOARD OF DIRECTORS MEETING
10:00AM – JULY 22, 2026
GAYLORD BOARDROOM**

ATTENDEES:	Bob Adrian, Dave Freedman, Ed Ginop, Dana Labar, Eric Lawson, Tim Markey, Mary Marois, Michael Newman, Jay O’Farrell, Ruth Pilon, Don Tanner, Chuck Varner
ABSENT:	Karen Goodman, Ron Iseler, Mark Surbrook
NMRE STAFF/CMHSP CEOs:	Bea Arsenov, Brian Babbitt, Brady Barnhill, Carol Balousek, Gail Grangood-Griffin, Chip Johnston, Eric Kurtz, Brie Molaison, Trish Otremba, Nena Sork, Denise Switzer, Deanna Yockey, Lynda Zeller
PUBLIC:	Erin Barbus, Ann Friend, Guest (2), Katie Lorence, Sarah Hegg, Larry LaCross, Tobias Neal
GUEST:	Alan Bolter

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, Ron Iseler, and Mark Surbrook were not in attendance for the meeting on this date. All other Board Members were present.

PLEDGE OF ALLEGIANCE

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

ACKNOWLEDGEMENT OF CONFLICT OF INTEREST

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

APPROVAL OF AGENDA

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

MOTION BY DAVE FREEDMAN TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS MEETING AGENDA FOR JULY 22, 2026; SUPPORT BY CHUCK VARNER. MOTION CARRIED.

APPROVAL OF PAST MINUTES

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

MOTION BY MARY MAROIS TO APPROVE THE MINUTES OF THE MAY 27, 2026 MEETING OF THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS; SUPPORT BY TIM MARKEY. MOTION CARRIED.

PRESENTATION

FY27 Budget and Legislative Update

Alan Bolter, the CEO of the Community Mental Health Association of Michigan, was in attendance to provide a FY27 budget and legislative update. The FY27 budget was completed on July 3rd. The FY27 budget is similar to the FY26 with the exception of some reductions related to House Resolution 1 (HR1). The entire State budget is roughly \$80B. The overall state General Fund/General Purpose budget is roughly \$20B (flexible dollars).

Boilerplate Sections 1020 related to a PIHP Request for Proposals (RFP), 1021 "Mental Health Framework" prohibition, and 1022 Waskul (settlement) Cost Reimbursements were not included in the final budget.

Other highlights included:

- \$350M Gross for an additional 400 DHHS workers (mainly housed in local offices) needed to implement HR1.
- \$21.6M Gross for Medicaid autism services utilization reviews.
- \$242.3M Gross in Certified Community Behavioral Health Clinic (CCBHC) funding moved from ongoing to one-time funding.
- \$311.2M Gross savings related to changes to the pharmaceutical program.
- \$48.8M Gross savings related to the reinstatement of the carve out for the Medicaid adult dental program.
- \$20.3M Gross for Medicaid Health Maintenance Organization administrative reductions.
- \$7M Gross for Medicaid third-party contract savings
- \$73.9M Gross to eliminate the non-Medicaid long term care direct care worker backfill.

Mr. Bolter explained that dramatic reductions in Medicaid are likely in FY28 and FY29 due to provider tax changes.

No adjustments were made to Sec. 928 Local Match Drawdown.

Sec. 1530 was added to prohibit the Department from requesting or implementing a CMS waiver or Medicaid State Plan Amendment prior to statutory approval

CMHAM continues to push for a FY26 rate adjustment.

On July 7th, MDHHS announced two Rural Health Transformation Program Gant Funding Opportunities:

- 1) Limited Licensed Master of Social Work Supervision Stipend Program – \$2,500,000 available
- 2) Rural Health provider Recruitment & Retention – \$14,731,500 available

In addition to RHTP grant funding, \$1.8M will be available to CMHSPs and PIHPs in late FY26/early FY27 though the CMHA-coordinated funding path.

Mr. Bolter referenced a posting on the Michigan Department of Technology, Management, and Budget's Vendor Opportunity Dashboard listing a new bid opportunity for Prepaid Inpatient Health Plans in August 2026 ([DTMB - Vendor Opportunity Dashboard](#)). MDHHS has stated that there is no official timeline for a new RFP and that the dates reflected on the dashboard are "estimates only."

Mr. Labar asked how the new MDHHS Director, Amy Epke, is leaning regarding a potential PIHP bid out. Mr. Bolter responded that Ms. Epke was previously the head of financing for the Department. He was unsure about her position on a bid out but will be meeting with her soon.

Mr. Bolter agreed to send a document showing FY26, FY26, and FY27 budget comparisons.

It was noted that the reduction in Health Home funding was the result of previously unspent funds.

A recent poll from CMHAM and EPIC-MRA showed that 70% of Michigan voters oppose the privatization of public mental health care.

CORRESPONDENCE

1. A letter addressed to Eric Kurtz from Angela Smith-Butterwick (MDHHS) dated April 2, 2026, stating that NMRE was in full compliance with the substance use disorder (SUD), Prepaid Inpatient Health Plan (SUD/PIHP) Compliance Protocol.
2. A letter addressed to Eric Kurtz from Northern Lakes CMHA Board Chair, Greg McMorrow, dated June 16, 2026, expressing appreciation to NMRE staff and Board of Directors for "steadfast ongoing support."
3. State of Michigan Court of Claims order by Judge Sima Patel dated June 11, 2026, outlining next steps in the matter between NorthCare Network Mental Health Care Entity, Northern Michigan Regional Entity, Region 10 PIHP, and Community Mental Health Partnership of Southeast Michigan (Plaintiffs) and State of Michigan, State of Michigan Department of Health and Human Services (MDHHS), and Elizabeth Hertel (Defendants).
4. Email communication to PIHP and CMHSP CEOs and Provider Alliance Members from Robert Sheehan, CEO of Community Mental Health Association of Michigan (CMHAM), dated June 22, 2026, announcing acting MDHHS Director, Amy Epkey.
5. Article from Gongwer News written by Zach Gorchow dated July 13, 2026, titled, "Behavioral Health Overhaul Future Unclear as Clock Ticks On Whitmer Administration."
6. Email communication to PIHP and CMHSP CEOs and Provider Alliance Members from Robert Sheehan, CEO of CMHAM, dated June 22, 2026, regarding "Methods for Ensuring Core Components Become Design Elements of Michigan's Public Mental Health System."
7. Document from CMHAM titled, "Recommended Core Components of a Strengthened and Improved Public Mental Health System in Michigan."
8. Email communication from Alan Bolter, CEO of CMHAM, dated June 24, 2026, sharing the results of a statewide poll regarding the potential privatization of mental health services.
9. Email communication from Alan Bolter, CEO of CMHAM, dated June 8, 2026, providing an update to House Bill 6022 - Mental Health Framework Legislation and CMHAM recommendations.
10. An Action Alert from CMHAM dated June 23, 2026, urging the public to reach out to legislators to stop the passage of HB 6022 and the Mental Health Framework.
11. An infographic prepared by CMHAM titled, "The Mental Health Framework: A Solution in Search of a Problem?"
12. The CMHAM proposed FY27 budget report.
13. Email communication to PIHP and CMHSP CEOs and Provider Alliance Members from Robert Sheehan, CEO CMHAM, dated July 10, 2026, requesting social media postings showing the findings of the statewide survey of Michiganders deeply opposing the privatization of mental health services, and opposition to HB 6022.
14. The minutes of the June 10, 2026 Regional Finance Committee meeting and the draft minutes of the July 8, 2026 NMRE Regional Finance Committee meeting.

It was noted that several of the correspondence items were referenced by Mr. Bolter during his presentation.

Mr. Kurtz drew attention to the letter from MDHHS attesting that NMRE was found to be in full compliance with the SUD PIHP Compliance Protocol and the letter of appreciation from Northern Lakes Board Chair, Greg McMorrow.

ANNOUNCEMENTS

NMRE staff announced an increase in the IRS reimbursable milage rate to \$0.76 per mile effective July 1, 2026.

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 May Board Meeting.

CEO Report

The NMRE CEO Monthly Report for June and July 2026 was included in the materials for the meeting on this date. Mr. Kurtz drew attention to the July 10th case consultation meeting with legal regarding Court of Claims Case No. 24-000198-MZ. Details were discussed under "Old Business."

May 2026 Financial Report

- Net Position showed a net surplus for Medicaid and HMP of \$5,673,008. Carry forward was reported as \$2,844,054. The total Medicaid and HMP current year surplus was reported as \$8,517,062. The total Medicaid and HMP Internal Service Fund was reported as \$20,590,089. The total Medicaid and HMP net surplus was reported as \$29,107,151
- Traditional Medicaid showed \$156,375,097 in revenue, and \$148,848,732 in expenses, resulting in a net surplus of \$7,526,365 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 \$20,202,802 in revenue, and \$22,056,159 in expenses, resulting in a net deficit of \$1,853,357. HMP ISF was reported as \$7,070,804 based on the current FSR. HMP savings was reported as \$0.
- Health Home showed \$2,445,003 in revenue, and \$2,054,883 in expenses, resulting in a net surplus of \$390,120.
- SUD showed all funding source revenue of \$14,756,923 and \$12,489,370 in expenses, resulting in a net surplus of \$2,267,553. Total PA2 funds were reported as \$ 4,720,992.

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	\$2,071,443	\$4,913,143

Actual FY26 Activity			
Beginning Balance	Current Receipts	Current Expenditures	Current Ending Balance
\$5,137,481	\$507,324	\$923,812	\$4,720,992

	Centra Wellness	North Country	Northeast MI	Northern Lakes	Wellvance
Medicaid	\$548,705	\$2,160,028	\$1,839,400	(\$1,692,299)	\$3,051,007
HMP	(\$261,389)	(\$359,373)	(\$131,163)	(\$1,735,637)	(\$314,437)
Total	\$287,315	\$1,800,654	\$1,708,238	(\$3,427,935)	\$2,736,571

Ms. Yockey noted that, historically, Quarter 4 spending is greater than previous quarters. October 2025 through June 2026 revenue looks like September 2025; however, the NMRE observed a 7.6% decrease in eligibles between DAB, TANF, and HMP. Overall, June revenue (all funding sources) was \$637,528 lower than September 2025. A FY26 rate adjustment has been proposed. HMP, specifically, has not been adequately funded.

Quarter 3 PA2 payments are expected at the end of the month. Quarter 1 payments were skipped entirely to pay on "debt services." Quarter 2 liquor tax payments were not consistent with prior activity. Ms. Arsenov noted that the July meeting of the NMRE Substance Use Disorder Oversight Committee was canceled. Because July is the month when annual liquor tax request renewals are generally brought forward, the NMRE felt it was best to delay these approvals until the July payments were received in order to get a better sense of funding. Mr. Johnston noted that Rep. John Roth (104th District) is keeping tabs on PA2 payments. Liquor tax payments can be tracked at [Convention Facility Development Fund](#).

House Resolution 1 (HR1) will have a negative impact on SUD Block Grant Funding. It is likely that 200,000 beneficiaries will lose Medicaid/HMP coverage. Because SUD Block Grant Funding currently has a surplus, PA2 will be switched to BGF when possible. When utilizing SUD Block Grant Funding, priority is given to treatment services (\$1.8M annually).

Mr. Freedman inquired about the "Hospital Rate Adjuster" item listed on the financial report. Ms. Yockey explained that HRA is a state-directed payment program by MDHHS that provides uniform dollar or percentage add-on increases to base capitation rates for PIHPs to ensure competitive, high-quality inpatient psychiatric hospital access for Medicaid beneficiaries. The PIHP essentially acts as a pass through between MDHHS and the hospitals. Ms. Yockey also noted that the Insurance Provider Assessment (IPA) tax for PIHPs is a fixed fee of \$1.20 per member month imposed on non-Medicaid supported member months and is excluded from the capitation payment.

Mr. Lawson questioned why Northern Lakes is showing a \$3.4M deficit nine months into the fiscal year. Ms. Zeller responded that Northern Lakes is making progress with curtailing spending, mainly related to costly residential placements outside the region, but guardians are reluctant to move individuals closer to home. Northern Lakes is currently doing a better job at accounting for incurred and not reported services. The General Ledger is being entirely rebuilt. Northern Lakes is striving to keep expenses reported in November consistent with actual costs reported in February. Ms. Zeller's efforts were recognized.

Ms. Zeller referenced her County Administrators' (Crawford, Grand Traverse, Leelanau Missaukee, Roscommon, and Wexford) request for a white paper advocating for additional general funds considering the anticipated losses (20% – 40%) in HMP coverage due to HR1. When Medicaid was

expanded under the Affordable Care Act in 2014, CMHSPs lost tens of millions in general funds under the assumption that uninsured individuals who would have previously relied on GF would qualify for HMP. Given the potential loss of HMP enrollees under HR1, advocacy efforts are underway to increase the GF allocation.

Ms. Arsenov referenced an email from Lyndia Deromedi dated July 1st regarding HSW unduplicated slot counts. MDHHS specified the maximum number of unduplicated participants served annually in the waiver at 8,268. Currently there are 104 slots available to fill in the remainder of FY26. So that the state does not exceed the unduplicated number of participants served, MDHHS will be restricting enrollments for the remainder of FY26 to priority populations:

- Individuals exiting the Intermediate Care Facilities for Enrollees with Intellectual Disability (ICF/IID) or at highest risk of needing ICF/IID placement,
- Young adult aging off Children’s Waiver Program, or
- Young adult aging off State Plan Private Duty Nursing service.

It was noted that the average payment for HSW is \$7K per enrollee per month. The NMRE currently has 711 slots (8 currently open).

MOTION BY DON TANNER TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY MONTHLY FINANCIAL REPORT FOR MAY 2026; SUPPORT BY JAY O’FARRELL. MOTION CARRIED.

Operations Committee Report

The minutes from the June 16th Operations Committee meeting were included in the meeting materials and the draft minutes from the July 21st Operations Committee meeting were distributed during the meeting. Many of the discussion topics were addressed previously during the meeting on this date.

The regional CMHSP’s continue to build relationships with Region 1 CEOs. NorthCare Network and the NMRE are exploring several administrative efficiencies, including sharing staff. The governance structure will likely be amended as it was previously dictated by the now revoked PIHP RFP.

NMRE SUD Oversight Committee Report

As stated previously, the NMRE Substance Use Disorder Oversight Committee meeting scheduled for July 6th was canceled. The next SUD Oversight Committee meeting is currently scheduled for September 14th at 10:00AM.

NEW BUSINESS

FY27 Prevention Services Contracts

The NMRE conducted a Request for Proposals (RFP) from May 4, 2026 through May 29, 2026 to select providers of prevention services for 7 of the region’s 21 counties. Based on the submissions received, prevention contract recommendations were shared as:

NMRE County Recommendations for Contract Award	Provider	Amount Requested of NMRE Estimated Allocation (\$)
Alcona	Catholic Human Services	\$8,670.47
Alpena	Catholic Human Services	\$28,799.27
Iosco	Catholic Human Services	\$24,857.29

Montmorency	Catholic Human Services	\$7,581.32
Ogemaw	Catholic Human Services	\$20,059.24
Oscoda	Catholic Human Services	\$6,578.10
Presque Isle	Catholic Human Services	\$11,694.08
Total		\$108,239.77

Catholic Human Services' Chief Executive Officer, Larry LaCross, explained that SUD prevention activities primarily occur out in community providing education and outreach. Much of the work focuses on youth in schools, harm reduction, advocacy efforts to abstain from substances, prescription drug safety, understanding marijuana risks, kratom education, Students Leading Students programs, and helping communities respond to substance use.

MOTION BY MARY MAROIS TO AWARD FISCAL YEAR 2027 PREVENTION SERVICES CONTRACTS TO CATHOLIC HUMAN SERVICES FOR ALCONA, ALPENA, IOSCO, MONTMORENCY, OGEMAW, OSCODA, AND PRESQUE ISLE COUNTIES IN THE TOTAL AMOUNT OF ONE HUNDRED EIGHT THOUSAND TWO HUNDRED THIRTY-NINE DOLLARS AND SEVENTY-SEVEN CENTS (\$108,239.77); SUPPORT BY BOB ADRIAN. ROLL CALL VOTE.

"Yea" Votes: B. Adrian, D. Freedman, E. Ginop, D. Labar, E. Lawson, T. Markey, M. Marois, M. Newman, J. O'Farrell, R. Pilon, D. Tanner, C. Varner

"Nay" Votes: Nil

MOTION CARRIED.

State Opioid Response (SOR), Gambling, and Tobacco Grant recommendations will be presented in August.

OLD BUSINESS

CMHSP Updates

Ms. Sork reported that Northeast Michigan is speaking with the Alcona County Sheriff about replicating "Bridge to Mental Health" program that originated in Benzie County. The program aims to utilize grant funds to train a Sheriff's Deputy (Crisis Response Officer) in mental health and the CMHSP system.

Mr. Babbitt added that North Country is also in the process of implementing the "Bridge to Mental Health Program" in Antrim County. Mr. Babbitt also noted that the Bergman Center (a non-profit organization that supports adults with intellectual, developmental, and physical disabilities) has reopened in Charlevoix under new leadership.

Northern Lakes is also in the process of implementing the "Bridge to Mental Health Program" in Grand Traverse County. The hope is that this program will be billable to Medicaid in the future. Ms. Zeller invited NMRE Board members to attend Northern Lakes' annual Public Hearing scheduled for September 10th from 11:00AM – 1:00PM.

Ms. Otremba reported that Wellvance is administering services in the Oscoda County Jail. Opioid settlement funding will be pursued to provide Medications for Opioid Use Disorder (MOUD). Wellvance hopes to implement the "Bridge to Mental Health" program in the future. Ms. Otremba

announced that Wellvance is currently undergoing its CARF accreditation survey and received a 2-year recertification from MDHHS.

PIHPs V State

All Plaintiffs (NorthCare Network Mental Health Care Entity, Northern Michigan Regional Entity, Region 10 PIHP, and Community Mental Health Partnership of Southeast Michigan) in State of Michigan Court of Claims Case No. 24-000198-MZ have signed the FY26 PIHP Contract. As of 9:55AM on this date, the NMRE received a counter signature from Terri Smith at the Bureau of Grants and Purchasing at MDHHS, fully executing the Contract. Mediation has been scheduled for August 13th in Detroit. A list of damages from the Plaintiffs was requested 30 days prior to the mediation date, which was submitted. Mr. Kurtz noted that positive conversations are occurring between the Plaintiffs' attorneys and the Attorney General's office. The FY26 PIHP Contract has been posted to the NMRE website at [PIHP Contract | NMRE](#).

COMMENTS

Board

Mr. Freedman reminded attendees that the Michigan Primary Election is taking place on August 4th.

Public

Mr. LaCross expressed appreciation for the NMRE's close monitoring of PA2 funds. From a treatment perspective, this will be a greater issue moving forward as beneficiaries lose HMP coverage (due to work requirements and 6-month renewals) with the implementation of HR1. Supplemental funding will likely be needed for essential services. SOR funding is used for jail-based services; however, funding is uncertain after FY28.

NEXT MEETING DATE

The next meeting of the NMRE Board of Directors was scheduled for 10:00AM on August 26, 2026.

ADJOURN

Let the record show that Mr. Ginop adjourned the meeting at 12:00PM.