

**NORTHERN MICHIGAN REGIONAL ENTITY
BOARD OF DIRECTORS MEETING
10:00AM – FEBRUARY 26, 2025
GAYLORD BOARDROOM**

ATTENDEES:	Bob Adrian, Tom Bratton, Ed Ginop, Gary Klacking, Eric Lawson, Mary Marois, Michael Newman, Gary Nowak, Jay O’Farrell, Richard Schmidt, Karla Sherman, Don Smeltzer, Don Tanner, Chuck Varner
ABSENT:	Ruth Pilon
NMRE/CMHSP STAFF:	Bea Arsenov, Brian Babbitt, Carol Balousek, Eugene Branigan, Lisa Hartley, Chip Johnston, Eric Kurtz, Brian Martinus, Valerie McBain, Diane Pelts, Pamela Polom, Brandon Rhue, Nena Sork, Denise Switzer, Chris VanWagoner, Deanna Yockey
PUBLIC:	Erin Barbus, Kevin Hartley, Larry LaCross

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 Ruth Pilon was excused from the meeting on this date. All other NMRE Board Members were in attendance 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 Mr. Nowak asked to add legislative advocacy efforts to the meeting agenda under “New Business.”

MOTION BY KARLA SHERMAN TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS MEETING AGENDA FOR FEBRUARY 26, 2025 AS AMENDED; SUPPORT BY DON TANNER. MOTION CARRIED.

APPROVAL OF PAST MINUTES

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

MOTION BY DON TANNER TO APPROVE THE MINUTES OF THE JANUARY 22, 2025 MEETING OF THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS; SUPPORT BY JAY O’FARRELL. MOTION CARRIED.

CORRESPONDENCE

- 1) Slides from an MDHHS PowerPoint presentation titled, "Introducing CMHA to the Public Facing Children's Specialty Behavioral Health Data Dashboard."
- 2) A Certified Community Behavioral Health Clinic (CCBHC) Rural Proposal drafted in collaboration with the Rural Caucus dated January 2025.
- 3) Email correspondence dated January 10, 2025 from Community Mental Health Association of Michigan (CMHAM) Chief Executive Officer, Bob Sheehan, regarding CMHA's federal legislation and policy advocacy plan.
- 4) Email correspondence dated February 6, 2025 from CMHAM CEO, Bob Sheehan, regarding proposed cuts to the FY26 Federal Budget.
- 5) Email correspondence dated February 6, 2025 from CMHAM Associate Director, Alan Bolter, containing the FY26 Executive Budget Proposal.
- 6) A document listing the 2025-2026 Michigan House Committees.
- 7) A memorandum dated February 20, 2025 from Jackie Sproat, Director of the Division of Contracts and Quality Management, Bureau of Specialty Behavioral Health Services at MDHHS, to Eric Kurtz regarding the acceptance of the NMRE's Risk Management Strategy.
- 8) A draft report from MDHHS regarding the NMRE's FY24 Performance Bonus Incentive Pool Payment.
- 9) The draft minutes of the February 12, 2025 regional Finance Committee meeting.

Mr. Kurtz drew attention to the CCBHC rural proposal, which was created in the event that rural areas were to consider implementing CCBHCs.

The NMRE is projected to receive \$1,715,259.79 in Performance Bonus Incentive Payments. The NMRE scored 22 out of 25 points on the standard having to do with Initiation and Engagement of Alcohol and Other Drug Abuse or Dependence Treatment (IET), leaving \$21,712.15 unearned.

ANNOUNCEMENTS

Let the record show that it was announced that Mr. Kurtz's birthday is on February 27th.

PUBLIC COMMENT

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

Richard Schmidt provided an update on his status as a Centra Wellness Board Member. He is up for reappointment in March and will likely not be reappointed due to a misunderstanding. In the event he is no longer on the Centra Wellness Board, a replacement for the NMRE Board will be needed. Ms. Sherman thanked Mr. Schmidt for his many years of dedicated service. Mr. Nowak echoed the sentiment.

MOTION BY GARY NOWAK TO SEND A LETTER OF SUPPORT FOR THE REAPPOINTMENT OF RICHARD SCHMIDT ON BEHALF OF THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS TO THE CENTRA WELLNESS NETWORK BOARD OF DIRECTORS; SUPPORT BY JAY O'FARRELL.

Discussion: Mr. Tanner expressed his feeling that it is inappropriate for the NMRE Board to be involved in CMHSP Board appointments. Ms. Marois agreed though she acknowledged the contributions that Mr. Schmidt has made.

Mr. Nowak withdrew his motion. Mr. O’Farrell withdrew his support.

REPORTS

Executive Committee Report

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

CEO Report

The NMRE CEO Monthly Report for February 2025 was included in the materials for the meeting on this date. A Dispute Resolution Committee meeting with the six Northern Lakes County Administrators (Crawford, Grand Traverse, Leelanau, Missaukee, Roscommon, and Wexford) was scheduled for February 14th; however, there was not a quorum in attendance. The meeting will be rescheduled.

December 2024 Financial Report

- Net Position showed net surplus Medicaid and HMP of \$8,003. Carry forward was reported as \$2,909,566. The total Medicaid and HMP Current Year Surplus was reported as \$2,917,569. The total Medicaid and HMP Internal Service Fund was reported as \$20,576,156. The total Medicaid and HMP net surplus was reported as \$23,493,725.
- Traditional Medicaid showed \$52,316,661 in revenue, and \$51,597,652 in expenses, resulting in a net surplus of \$719,009. Medicaid ISF was reported as \$13,510,136 based on the current FSR. Medicaid Savings was reported as \$0.
- Healthy Michigan Plan showed \$6,554,538 in revenue, and \$7,265,544 in expenses, resulting in a net deficit of \$711,006. HMP ISF was reported as \$7,066,020 based on the current FSR. HMP savings was reported as \$2,909,566.
- Health Home showed \$850,135 in revenue, and \$669,352 in expenses, resulting in a net surplus of \$180,783.
- SUD showed all funding source revenue of \$7,009,330 and \$5,576,966 in expenses, resulting in a net surplus of \$1,522,364. Total PA2 funds were reported as \$4,574,377.

During the December 18, 2024 Board Meeting, Ms. Yockey indicated that the NMRE anticipated a FY24 carry forward based on the Interim FSR; the final FSR (due February 28, 2025) shows a carry forward of only \$745K.

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	\$92,609	\$283,464	\$4,574,377

MOTION BY JAY O’FARRELL TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY MONTHLY FINANCIAL REPORT FOR DECEMBER 2024; SUPPORT BY GARY NOWAK. ROLL CALL VOTE.

"Yea" Votes: B. Adrian, T. Bratton, E. Ginop, G. Klacking, E. Lawson, M. Newman, M. Marois, G. Nowak, J. O'Farrell, R. Schmidt, K. Sherman, D. Smeltzer, D. Tanner, C. Varner

"Nay" Votes: Nil

MOTION CARRIED.

Operations Committee Report

The draft minutes from February 18, 2025 were included in the materials for the meeting on this date.

Mr. Kurtz emphasized that the region is "hitting the wall" financially and action is needed. There is not enough carry forward to offset the projected year-end deficit and the NMRE will need to utilize the ISF balance to cost-settle with each Board at the current rate of spending. The regional Operations Committee discussed developing a financial management/cost containment policy, which will be revisited in March.

Mr. Kurtz stressed that the NMRE has very few levels to pull to change a CMHSP's spending. By law the CMH Board must hire/fire the CMH Director; the CMH Director lays off staff and approves contract amounts. None of that is within the NMRE's purview. The only lever the NMRE has is to set an amount to fund the CMHSPs and ensure the ISF is sound; if CMHSPs spend beyond that amount, they must use general funds, local funds, or potentially appeal to the counties that created them.

Currently there is no verbiage in policy and/or contract language to hold the CMSHPs accountable for spending within their PMPM allotment, and no repercussions for overspending. The regional Operations Committee supported a cost cap contract based on PMPM payments. The CMHSPs will be required to develop plans to bring spending in line with PMPM to ensure regional fiscal solvency.

Mr. Johnston noted that Centra Wellness was under a similar arrangement under its previous PIHP.

Mr. Bratton asked whether overspending is a regional issue or state issue. Mr. Kurtz explained that the system was overfunded during the pandemic due to the pause in Medicaid redeterminations. This left the NMRE with a large carry forward. One-time expenses were encouraged, though it is likely that many were extended. The 2024 redetermination process lowered revenue significantly, many individuals fell of Medicaid completely or were moved from higher paying DAB slots to lower paying, TANF, HMP, and Plan First.

Mr. Tanner agreed that, for the success of the region, the CMHSP contracts with the NMRE should be PMPM full-risk contracts.

Mr. Lawson asked whether the \$150M in allocated but unpaid funding has been released. Mr. Kurtz responded that \$40M of the \$150M was distributed; of that, the NMRE received \$2M. A recent rate amendment only covered changes to rates for autism and methadone treatment.

Mr. Kurtz asserted that the state has expanded the benefit beyond what is possible to manage; the legislature has dictated rates based on what would be paid by third party with no room to negotiate.

MOTION BY DON TANNER TO DEVELOP A REGIONAL COST CONTAINMENT POLICY AND TRANSITION THE NORTHERN MICHIGAN REGIONAL ENTITY'S AGREEMENTS WITH ITS MEMBER COMMUNITY MENTAL HEALTH SERVICES PROGRAMS TO PER MEMBER PER MONTH FULL RISK CONTRACTS; SECOND BY CHUCK VARNER.

Discussion: Mr. Adrian asked whether the CMHSP Directors have any problems or issues with this motion. The Regional CEOs supported the motion.

ROLL CALL VOTE.

"Yea" Votes: B. Adrian, T. Bratton, E. Ginop, G. Klacking, E. Lawson, M. Newman, M. Marois, G. Nowak, J. O'Farrell, R. Schmidt, K. Sherman, D. Smeltzer, D. Tanner, C. Varner

"Nay" Votes: Nil

MOTION CARRIED.

NMRE SUD Oversight Committee Report

The next meeting of the NMRE Substance Use Disorder Oversight Committee is scheduled for March 3, 2025 at 10:00AM.

NEW BUSINESS

Legislative Advocacy Efforts

Mr. Nowak requested that a letter be sent to State and US Representatives and Senators advocating that Medicaid not be cut.

State Representatives may be contacted by visiting: [Michigan House - Home Page](#).

State Senators may be contacted by visiting: [FindYourSenator](#)

US Representatives may be contacted by visiting: [Find Your Representative | house.gov](#)

US Senators may be contacted by visiting: [U.S. Senate: Contacting U.S. Senators](#)

MOTION BY GARY NOWAK TO SEND A LETTER ON BEHALF OF THE NMRE BOARD ADVOCATING THAT MEDICAID NOT BE CUT. SUPPORT BY KARLA SHERMAN.

Discussion: Ms. Marois stressed that there are areas of Medicaid that need to be cut in a fiscally responsible manner. Mr. Lawson added that a letter should emphasize the importance of funding the public mental health system. Mr. Kurtz referenced the correspondence item dated February 6, 2025 from CMHAM CEO, Bob Sheehan, regarding proposed cuts to the FY26 Federal Budget.

ROLL CALL VOTING TOOK PLACE ON MR. NOWAK'S MOTION.

"Yea" Votes: B. Adrian, G. Nowak

"Nay" Votes: T. Bratton, E. Ginop, G. Klacking, E. Lawson, M. Marois, M. Newman, J. O'Farrell, R. Schmidt, K. Sherman, D. Smeltzer, D. Tanner, C. Varner

MOTION DEFEATED.

MOTION BY MARY MAROIS TO CONTACT LEGISLATORS AND REQUEST THAT, WHEN DELIBERATING CUTS TO MEDICAID, CONSIDERATION BE GIVEN TO OFFER AND CONTINUE SERVICES TO THE MOST VULNERABLE INDIVIDUALS WITH NO VOICE OF THEIR OWN, WHICH WAS THE ORIGINAL INTENDED PURPOSE OF MEDICAID PROGRAM; SUPPORT BY CHUCK VARNER.

Discussion: Mr. Tanner requested that the correspondence begin with "While looking at the daunting task of Medicaid reform."

MS. MAROIS AGREED TO AMEND HER MOTION TO READ:

MOTION BY MARY MAROIS TO CONTACT LEGISLATORS AND REQUEST THAT, WHILE LOOKING AT THE DAUNTING TASK OF MEDICAID REFORM, CONSIDERATION BE GIVEN TO OFFER AND CONTINUE SERVICES TO THE MOST VULNERABLE INDIVIDUALS WITH NO VOICE OF THEIR OWN, WHICH WAS THE ORIGINAL INTENDED PURPOSE OF MEDICAID PROGRAM.

MR. VARNER SUPPORTED THE AMENDED MOTION.

ROLL CALL VOTE.

"Yea" Votes: B. Adrian, T. Bratton, E. Ginop, G. Klacking, E. Lawson, M. Marois, M. Newman, G. Nowak, J. O'Farrell, R. Schmidt, K. Sherman, D. Smeltzer, D. Tanner, C. Varner

"Nay" Votes: Nil

MOTION CARRIED.

OLD BUSINESS

Northern Lakes CMHA Update

Mr. Bratton reported that the Northern Lakes' Board of Directors approved the issuance of an RFP to secure a CEO search firm; two proposals received to date. The timeline for hiring a CEO is up for debate. Mr. Bratton intends to bring a CEO Search firm recommendation to the Northern Lakes Board in March. The cost is likely 25%-30% of the intended salary, which hasn't been confirmed yet.

FY25 PIHP Contract Injunction and Complaint Update

The Attorney General's response to 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) was included in the meeting materials. Ms. Nessel is attempting to dismiss the lawsuit on the basis of it being "overly complicated and frivolous". Chris Ryan, attorney with Taft, Stettinius, Hollister, LLP, will be filing a second amended complaint by March 7, 2025.

PRESENTATION

NMRE Performance Indicators

NMRE Quality Analyst, Valerie McBain, was in attendance to provide an update on the state's plan to transition its quality reporting system from the Michigan Based Performance Indicator System (MMBPIS) to new behavioral health quality measures (mainly HEDIS measures) over a three-year period beginning in FY26.

The first year will focus on aligning reporting requirements for PIHPs with CMS Core Set Reporting. By the end of YR1 measure roll-out, all required CMS Core Set measures will be available by PIHP.

The second year will focus on rolling out stratification of measures, along with adding several key measures. Starting January 1, 2026, PIHPs will no longer report MMBPIS measures.

The third year will focus on implementing patient experience and Home and Community Based Services (HCBS) measures.

Regional quality, compliance, and data reporting staff will be working collectively to ensure a smooth transition over the 3-year period.

COMMENTS

Board

Ms. Marois noted that the meeting correspondence included a list of the Michigan House Legislative Committees; she requested a list of the Senate Committees, which Mr. Kurtz agreed to provide.

Mr. O'Farrell reported that Wellvance is currently searching for a CEO to replace Diane Pelts, who will be retiring in August 2025. Mr. O'Farrell also noted that CMHAM Board President, Carl Rise, will not be seeking reappointment.

Staff/CMHSP CEOs

Mr. Johnston stated that he will be heading to Washing DC soon to meet with legislators. Mr. Johnston intends to ask whether the Medicaid waiver program is intended to pay for state lawsuits, as in the Waskul settlement. Mr. Johnston also intends to raise the issue regarding lack of legislative oversight with the various Medicaid waiver programs pushed out by MDHHS.

MEETING DATE

The next meeting of the NMRE Board of Directors was scheduled for 10:00AM on March 26, 2025.

ADJOURN

Let the record show that Mr. Klacking adjourned the meeting at 11:53AM.