

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

ATTENDEES:	Bob Adrian, Tom Bratton, Ed Ginop, Gary Klacking, Eric Lawson, Mary Marois, Michael Newman, Gary Nowak, Jay O’Farrell, Ruth Pilon, Karla Sherman, Don Smeltzer, Don Tanner, Chuck Varner
VIRTUAL ATTENDEES:	Karla Sherman
NMRE/CMHSP STAFF:	Bea Arsenov, Brian Babbitt, Jodie Balhorn, Carol Balousek, Eugene Branigan, Ann Friend, Lisa Hartley, Chip Johnston, Eric Kurtz, Diane Pelts, Pamela Polom, Brandon Rhue, Nena Sork, Denise Switzer, Deanna Yockey
PUBLIC:	Erin Barbus, Hannah Driver, Dave Freedman, Lou Gamalski, Kevin Hartley, Justin Reed,

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 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 no additions to the meeting agenda were requested.

MOTION BY GARY NOWAK TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS MEETING AGENDA FOR MARCH 26, 2025; SUPPORT BY DON SMELTZER. 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 MARY MAROIS TO APPROVE THE MINUTES OF THE FEBRUARY 26, 2025 MEETING OF THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS; SUPPORT BY ED GINOP. MOTION CARRIED.

CORRESPONDENCE

- 1) A letter to Eric Kurtz dated January 31, 2025 from Cynthia Brooks-Jones at MDHHS approving the NMRE's 2025 Guide to Services brochure.
- 2) The MDHHS Prepaid Inpatient Health Plan (PIHP) Operations Meeting Playbook for the first PIHP Operations meeting scheduled for April 3rd at 10:00AM.
- 3) MDHHS flyer inviting individuals to apply to join the Michigan Beneficiary Advisory Council (BAC) by Monday, April 14th at 5:00PM.
- 4) The MDHHS MiABLE Community Toolkit.
- 5) A document from the Community Mental Health Association of Michigan (CMHAM) listing potential Medicaid reductions.
- 6) A document from CMHAM dated March 2025 describing the work being done by association members and allies to protect core system funding from federal Medicaid and block grant cuts.
- 7) An Action Alert from CMHAM urging the public to contact legislators to protect Medicaid.
- 8) A document from CMHAM dated December 2024 regarding the Contract negotiations stalemate between MDHHS and Michigan's public specialized mental health plans.
- 9) A document from CMHAM dated March CMHA describing advocacy strategies around system refinement and potential PIHP procurement.
- 10) The draft minutes of the March 12, 2025 regional Finance Committee meeting.

Mr. Kurtz drew attention to the Prepaid Inpatient Health Plan (PIHP) Operations Meeting Playbook. MDHHS has created a recurring monthly meeting involving subject matter experts from all 10 PIHP and MDHHS staff, totaling 122 individuals, to discuss upcoming department priorities and express questions or concerns.

Mr. Kurtz next drew attention to the document from CMHAM listing Potential Medicaid Reductions as an informational resource.

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.

Traverse House Clubhouse member, Justin Reed, referenced an article in the Traverse City Record Eagle by Peter Kobs dated March 22, 2025, in which a potential FY25 financial deficit for Northern Lakes was estimated at \$7M–\$8M. Mr. Reed asked how funds due to the NMRE are likely to be paid. Mr. Kurtz responded that funds would likely be paid with Northern Lakes' reserves.

Mr. Reed advocated on behalf of clubhouse programs and urged that they not be cut. Traverse Clubhouse Director, Hanna Driver, echoed this position stating that she is hopeful that current monetary over-expenditures and recoupments do not affect Clubhouse programs and/or other essential services.

REPORTS

Executive Committee Report

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

CEO Report

The NMRE CEO Monthly Report for March 2025 was included in the materials for the meeting on this date. Mr. Kurtz highlighted March 10th meeting with MDHHS budget office regarding the Section 928 local match, which he would like to see removed. Mr. Kurtz drew attention to the advocacy meeting on March 11th regarding PIHP procurement. It was noted that advocacy efforts are currently limited.

January 2025 Financial Report

- Net Position showed net deficit Medicaid and HMP of \$1,262,818. Carry forward was reported as \$736,656. The total Medicaid and HMP Current Year Deficit was reported as \$526,162. The total Medicaid and HMP Internal Service Fund was reported as \$20,576,156. The total Medicaid and HMP net surplus was reported as \$20,049,994.
- Traditional Medicaid showed \$70,058,058 in revenue, and \$70,167,096 in expenses, resulting in a net deficit of \$109,038. Medicaid ISF was reported as \$13,514,675 based on the current FSR. Medicaid Savings was reported as \$0.
- Healthy Michigan Plan showed \$8,777,317 in revenue, and \$9,931,097 in expenses, resulting in a net deficit of \$1,153,780. HMP ISF was reported as \$7,068,394 based on the current FSR. HMP savings was reported as \$736,656.
- Health Home showed \$ 1,137,542 in revenue, and \$897,826 in expenses, resulting in a net surplus of \$239,716.
- SUD showed all funding source revenue of \$9,499,506 and \$7,433,987 in expenses, resulting in a net surplus of \$2,065,519. Total PA2 funds were reported as \$4,462,844.

Ms. Yockey reported that the region has \$736K in carry-forward funds from FY24. The ISF is currently overfunded by \$3.1M. The CMHSPs are over-expended on Medicaid and HMP by \$5.37M. All Boards are looking at cost cutting measures.

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	\$394,996	\$4,462,844

MOTION BY CHUCK VARNER TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY MONTHLY FINANCIAL REPORT FOR JANUARY 2025; SUPPORT BY DON TANNER. MOTION CARRIED.

Operations Committee Report

The draft minutes from March 18, 2025 were included in the materials for the meeting on this date. The NMRE's Risk Management and Fiscal Solvency Process will be discussed under "Old Business."

NMRE SUD Oversight Committee Report

The draft minutes from March 3, 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 March 3, 2025.

	Requesting Entity	Project	County	Amount
1.	217 Recovery	Recovery Stories: Message of Hope Part V	Grand Traverse	\$5,800

MOTION BY DON TANNER TO APPROVE THE REQUEST FROM THE 217 RECOVERY FOR GRAND TRAVERSE COUNTY LIQUOR TAX DOLLARS IN THE AMOUNT OF FIVE THOUSAND EIGHT HUNDRED DOLLARS (\$5,800.00) TO SPONSOR PART FIVE OF THE RECOVERY STORIES: MESSAGE OF HOPE SERIES; SUPPORT BY BOB ADRIAN. MOTION CARRIED.

	Requesting Entity	Project	County	Amount
2.	Harm Reduction Michigan	Front Line Support to Combat the Opioid Epidemic	Antrim, Benzie, Kalkaska, Leelanau	\$52,700

Discussion: During the SUD Oversight Committee meeting on March 3rd, the representative from Benzie County asked that Benzie be removed from the proposal until he had ample time to review the request. The Benzie County representative contacted Mr. Tanner and requested that he ask what, specifically, the \$11,553 in PA2 funding will be spent on in Benzie County.

Lou Gamalski from Harm Reduction Michigan responded that the funding would be used to provide safe supplies to those actively engaged in drug use, which protects the community from HIV and Hepatitis. Harm Reduction Michigan also supplies naloxone distribution boxes throughout the region, along with 5 different types of test strips, and wound care supplies.

Harm Reduction Michigan has locations in Traverse City, Cadillac, Petoskey, and Manistee. A mobile unit is also used to conduct community outreach. Individuals' counties of residence are recorded at intake, but not at each visit. Because of this, it is difficult to ensure that the supplies that are given to individuals are paid with liquor tax funds tied to their counties of residence. Ms. Marois suggested that the first two digits of individuals' identification numbers correspond to a county code.

MOTION BY GARY NOWAK TO APPROVE THE REQUEST FROM HARM REDUCTION MICHIGAN FOR LIQUOR TAX DOLLARS FROM ANTRIM, BENZIE, KALKASKA, AND LEELANAU COUNTIES IN THE TOTAL AMOUNT OF FIFTY-TWO THOUSAND SEVEN HUNDRED DOLLARS (\$52,700.00) TO FUND ACTIVITIES TO COMBAT THE OPIOID EPIDEMIC; SUPPORT BY DON SMELTZER. MOTION CARRIED. MOTION CARRIED.

Let the record show that the total liquor tax funding approved during the meeting on this date was **\$58,500**.

NMRE Board Nominating Committee

The election of NMRE Board Officers is scheduled to occur during the April meeting. The following Members of were appointed to the Nominating Committee.

- 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
- Jay O'Farrell representing Wellvance

A meeting of the Nominating Committee will take place prior to the April Board meeting at 9:30AM.

OLD BUSINESS

Northern Lakes CMHA Update

Mr. Bratton reported that the Northern Lakes CMHA Board approved the Myers Group as its CEO Search Firm during the March 20th Board meeting. Prior to responding to the RFP, the firm did extensive research on Northern Lakes and was familiar with the current environment. The firm will be paid 27.5% of the CEO's intended salary, which hasn't been determined yet.

FY25 PIHP Contract Injunction and Complaint Update

Mr. Kurtz confirmed that Chris Ryan, attorney with Taft, Stettinius & Hollister, LLP, has filed the second amended motion to the complaint 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). A response is expected by April 7th.

Risk Management and Fiscal Solvency Process

Based on a discussion that occurred during the Operations Committee meeting on February 18th, and with the full Board on February 26th, the NMRE Board of Directors voted to move the CMHSPs to risk-based contracts. Draft language was added to NMRE/CMHSP contracts and reviewed by the regional Operations Committee on March 18th. The new language allows the NMRE to decide whether it will cover cost overruns beyond prepaid subcapitation funding. If the NMRE is unable to cover either part or all the cost overruns, the CMHSPs must cover the deficit with local or other funding sources.

Mr. Kurtz explained that the CMHSPs are currently under an extension of the FY24 contract; the new language will be included in the FY25 contract, which will be sent to the CMHSPs in April 2025.

It is likely that the NMRE's ISF will be fully expended at the end of FY25. Because if this, the CMHSPs agreed that the NMRE should develop a cost containment process. The NMRE's Risk Management and Fiscal Solvency Process document was included in the materials for the meeting on this date.

Cost Containment Plans will be requested from the CMHSPs by May 1st; these should address measures to bring spending in line with PE/PM within 18 months. The CMHSPs were encouraged to make what cuts they can in the remainder of FY25.

To manage utilization more effectively based on national standards, the NMRE plans to enhance its subscription to the Manage Care Guidelines (MCG) platform and require integration and implementation within each CMHSP's electronic medical record.

The CMSHPs will also be asked to regularly run productivity studies to manage staffing and caseload ratios.

PRESENTATION

NMRE IT Security Assessment and Proposal

NMRE Chief Information Officer and Operations Manager, Brandon Rhue, provided an update on the NMRE's FY45 security assessment.

Security Testing or Penetration "Pen" testing is a crucial security practice where a hired company simulates real-world cyberattacks to identify vulnerabilities and assess an organization's security posture before malicious actors exploit them.

In FY24, the NMRE scored 7.8 out of a possible 8.5.

The NMRE is looking for a new firm to conduct the FY25 Security Assessment. Proposals from Avalon and Silent Sector were reviewed.

After conducting an internal analysis, it was determined that both companies have solid reputations and made good offers. Both offer a full suite of services that extend beyond the engagements that were requested. The lower cost for similar services and greater flexibility for retests made Avalon stand out.

The NMRE's recommendation was to engage Avalon to perform security testing and any post-remediation testing needed.

COMMENTS

Board

Mr. Nowak announced that this will be his last meeting as he will not seek reappointment to the Northeast Michigan CMHA Board of Directors. Mr. Klacking thanked Mr. Nowak for his many years of service and stressed that he would be missed.

Mr. Adrian shared that, in Utah, Medicaid is attempting to recoup \$4M in Medicaid from the families of two deceased beneficiaries.

Public

Mr. Reed reiterated his previous request that Clubhouse programs in the region not be cut in efforts to reduce spending. Mr. Reed also noted that he does not think it is the right time for Northern Lakes CMHA to conduct a CEO search.

NEXT MEETING DATE

The next meeting of the NMRE Board of Directors was scheduled for 10:00AM on April 23, 2025.

ADJOURN

Let the record show that Mr. Klacking adjourned the meeting at 11:41AM.