NORTHERN MICHIGAN REGIONAL ENTITY
BOARD OF DIRECTORS MEETING
10:00AM – AUGUST 26, 2026
GAYLORD BOARDROOM

ATTENDEES:	**Bob Adrian, Dave Freedman, Ed Ginop, Karen Goodman, Ron Iseler, Dana Labar, Eric Lawson, Tim Markey, Michael Newman, Jay O'Farrell, Ruth Pilon, Mark Surbrook, Chuck Varner**
VIRTUAL ATTENDEES:	**Karen Goodman**
ABSENT:	**Mary Marois, Don Tanner**
NMRE STAFF/CMHSP CEOs:	**Bea Arsenov, Brian Babbitt, Brady Barnhill, Carol Balousek, Eugene Branigan, Gail Grangood-Griffin, Lisa Hartley, Chip Johnston, Eric Kurtz, Brie Molaison, Trish Otremba, Pamela Polom, Sonya Russell, Nena Sork, Denise Switzer, Deanna Yockey, Lynda Zeller**
PUBLIC:	**Erin Barbus, Ann Friend, Sarah Hegg, Terri Henderson, Larry LaCross, Katie Lorence, Tobias Neal, Phyllis Priest**

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 Mary Marois and Don Tanner 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 JAY O'FARRELL TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS MEETING AGENDA FOR AUGUST 26, 2026; SUPPORT BY DAVE FREEDMAN. MOTION CARRIED.

APPROVAL OF PAST MINUTES
Let the record show that the July minutes of the NMRE Governing Board were included in the materials for the meeting on this date.

MOTION BY ERIC LAWSON TO APPROVE THE MINUTES OF THE JULY 22, 2026 MEETING OF THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS; SUPPORT BY DANA LABAR. MOTION CARRIED.

CORRESPONDENCE

1. An Action Alert from the Community Mental Health Association of Michigan (CMHA) dated July 22, 2026, urging the public to contact legislators and the Governor to express concerns about issuing another PIHP RFP during the final months of the current administration.
2. A Press Release from CMHA dated June 29, 2026, sharing results from recent polling indicating that 70% of Michigan voters oppose privatizing public mental health care.
3. Email correspondence from CMHA Associate Director, David Lowe, sharing the Department of Justice's Position on Olmstead Guidance.
4. CMHA's Recommended "Core Components of a Strengthened and Improved Public Mental Health System in Michigan."
5. A Press Release from the Michigan Department of Health and Human Services (MDHHS) dated July 17, 2026, announcing a grant funding opportunity (GFO) for the Rural Health Transformation Program (RHTP).
6. A document outlining the decision and actions made during the August 6, 2026, meeting of CMHA's Rural Health Transformation Program Behavioral Health Advisory Group.
7. A spreadsheet from CMHA showing options for the distribution of dollars in the RHTP initiative.
8. Quarter 2 FY26 Performance Indicator Consultation Draft Report.
9. A Summary of FY25 Behavioral Health Home Pay-for-Performance (P4P) earnings by PIHPs.
10. The draft minutes of the August 12, 2026, Regional Finance Committee meeting.

Mr. Kurtz drew attention to the CMHAM survey regarding privatization and core concepts document.

Mr. Kurtz next drew attention to RHTP funding options for fully rural counties.

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 were recognized.

REPORTS

Executive Committee Report

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

CEO Report

The NMRE CEO Monthly Report for August 2026 was included in the materials for the meeting on this date. Mr. Kurtz referenced the August 13th mediation session in Court of Claims Case No. 24-000198-MZ. Details were discussed under "Old Business."

June 2026 Financial Report

- Net Position showed a net surplus for Medicaid and HMP of $8,725,000. Carry forward was reported as $2,844,054. The total Medicaid and HMP current year surplus was reported as $11,569,054. The total Medicaid and HMP Internal Service Fund was reported as $20,590,089. The total Medicaid and HMP net surplus was reported as $32,159,143
- Traditional Medicaid showed $175,268,607 in revenue, and $164,559,791 in expenses, resulting in a net surplus of $10,708,816 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 $22,300,222 in revenue, and $24,284,038 in expenses, resulting in a net deficit of $1,983,816. HMP ISF was reported as $7,070,804 based on the current FSR. HMP savings was reported as $0.
- Health Home showed $2,725,911 in revenue, and $2,230,143 in expenses, resulting in a net surplus of $495,768.
- SUD showed all funding source revenue of $16,943,369 and $14,768,385 in expenses, resulting in a net surplus of $2,174,984. Total PA2 funds were reported as $5,149,662.

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	$1,147,646	$1,135,465	$5,149,662

	Centra Wellness	North Country	Northeast MI	Northern Lakes	Wellvance
Medicaid	$569,579	$2,518,565	$1,901,825	$639,840	$3,369,493
HMP	($300,953)	($441,251)	($116,430)	($1,666,268)	($277,611)
Total	$268,627	$2,077,314	$1,785,395	($1,026,428)	$3,091,882

It was noted that the June YTD looks more favorable than May. Since September 2025, the NMRE has observed a 10.5% decrease in eligibles between DAB, TANF, and HMP. July revenue (all funding sources) was $937,087 lower than September 2025.

Quarter 3 PA2 payments came in as anticipated. Because SUD Block Grant Funding currently has a surplus, projects approved for PA2 will be switched to BGF when possible. There is ambiguity surrounding what "debt services" were paid with Quarter 1 PA2. Based on a historical look by NMRE staff, it is suspected that some funds may have been deducted from other quarterly payments as the amounts appear to be inconsistent.

Mr. Lawson recognized Northern Lakes' efforts to reduce its overspend. Ms. Zeller indicated that an overspend of approximately $6M is likely by year end.

MOTION BY JAY O'FARRELL TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY MONTHLY FINANCIAL REPORT FOR JUNE 2026; SUPPORT BY CHUCK VARNER. MOTION CARRIED.

Operations Committee Report
The minutes from the August 18, 2026, were included in the materials for the meeting on this date.

Mr. Johnston provided an update on the Bridge to Mental Health project. The program, which began in Benzie County, is being expanded to include Alcona, Antrim, and Manistee Counties. A steering committee has been established consisting of individuals representing law enforcement, 911 dispatch, community mental health, and county leadership from all four counties.

The Bridge to Mental Health program aims to utilize a variety of funding sources to train law enforcement personnel as Crisis Response Officers (CRO) who will act as points of first contact for individuals experiencing a behavioral health related emergency.

NMRE SUD Oversight Committee Report
The next SUD Oversight Committee meeting is currently scheduled for September 14th at 10:00AM. Mr. O'Farrell announced that he will be unable to attend due to the Michigan Works conference September 14th–16th; Mr. Varner was asked to Chair. Approximately 25 liquor tax requests for FY27 will be reviewed.

Rep. John Roth (104th District), Chair of the Appropriations Subcommittee on Human Services, has been looking into the redirection of PA2 funds. It was noted that a new section (1530) was added to the FY27 budget boilerplate stating that the "House prohibits the department from requesting or implementing a CMS waiver or Medicaid State Plan amendment prior to statutory approval." The Senate did not include this section. The Conference concurred with the House.

NEW BUSINESS

FY27 PIHP Contract
The FY27 PIHP contract was made available for signature on August 10th with a due date of September 10th. An email from Laura Kilfoyle, dated August 7th, summarizing the changes within the contract was included in the meeting materials.

1. Final Rule Changes
   a. Prior Authorization Final Rule. Updates to language based on the new requirements from the Prior Authorization and API Final Rule
2. Provider Directory—updates to requirements.
3. (i)SPA Changes
   a. Addition of (i)SPA as a covered benefit plan within the PIHP contract.
4. Waskul Changes
   a. Removal of placeholder language from previous contract.
   b. Addition of Medicaid Policy, MPM and Waiver adherence language.
   c. Addition of Medicaid State Fair Hearing decision language (R)
   d. Addition of definitions for Medicaid Policy, Medicaid Provider Manual and Medicaid Waivers.
5. MOMS Program Removal—MOMS no longer a covered program under the PIHPs effective 10/1/2026.
6. Schedule E Reporting Update
   a. Annual MLR Report due date changed to July 31.
   b. Schedule E reporting changes due to CRM reporting being implemented.
   c. Contracts Management Mailbox Update
   d. Update file transfer name to MOVEit.
7. CMS directed language regarding physician incentive plans added.
8. Adverse Benefit Determination Notices for reductions, suspensions, or terminations of previously authorized/currently provided Medicaid services must be provided at least 30 days before the date of action, except as permitted under CFR. (Change from 10 days informed by Sec. 942. A CMHSP shall provide at least 30 days' notice before reducing, terminating, or suspending a service provided by the CMHSP to a CMHSP client, unless the service is authorized by a physician and the service no longer meets established criteria for medical necessity.)
9. MDHHS Compliance addition of language prohibiting offshore data processing/storing of PHI/PII.

Mr. Kurtz stressed that no FY27 rates have been released by Milliman. A rate setting meeting that was scheduled for August 24th was cancelled. The signed contract is due to MDHHS by September 10th. The total contract amount was provided as $279,076,618. Changes made regarding the Waskul lawsuit basically dictate that services be provided according to Medicaid policy. Mr. Johston stressed that, as stewards of public funding, rates need to be at "fair market rate."

MOTION BY MARK SURBROOK TO AUTHORIZE THE NORTHERN MICHIGAN REGIONAL ENTITY'S CHIEF EXECUTIVE OFFICER SIGN AND SUBMIT BY SEPTEMBER 10, 2026, THE FISCAL YEAR 2027 PREPAID INPATIENT HEALTH PLAN (PIHP) CONTRACT WITH THE STATE OF MICHIGAN; SUPPORT BY CHUCK VARNER. MOTION CARRIED.

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

"Nay" Votes: Nil

MOTION CARRIED.

FY27 Grant Awards

NMRE recommendations for FY27 State Opioid Response (SOR), Gambling Disorder Prevention, Tobacco 6000, and Michigan Partnership to Advance Coalitions – Prevention Framework Partnership for Success (MIPAC-PFS) grant awards were included in the materials for the meeting on this date.

Grant Type	Entity Recommended for Grant Award	Dollar Amount
Administration	NMRE	$6,934
Prevention	Catholic Human Services Health Department of Northwest Michigan	$100,001
Peer Outreach & Linkage	Catholic Human Services	$401,354
Jail MAT	Catholic Human Services	$194,669
Jail Medication	Besse/Amerisource Bergen	$194,030
Opioid Use Disorder/Stimulant Use Disorder Treatment	Catholic Human Services BASES	$349,991
Recovery	217 Recovery Community Recovery Alliance	$300,000
Gambling Prevention	PB&J	$200,000
Tobacco 6000	MacDonald Garber	$6,000
MIPAC-PFS	Catholic Human Services	$322,787
	Total	**$2,075,766**

Clarification was made that the funding distributed to the Health Department of Northwest Michigan will be used for school-based programming.

MOTION BY JAY O'FARRELL TO AWARD FISCAL YEAR 2027 SUBSTANCE USE DISORDER GRANTS AS PRESENTED AND REVIEWED ON THIS DATE IN THE TOTAL AMOUNT OF TWO MILLION SEVENTY-FIVE THOUSAND SEVEN HUNDRED SIXTY-SIX DOLLARS ($$2,075,766.00); SUPPORT BY ERIC LAWSON. ROLL CALL VOTE.

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

"Nay" Votes: Nil

MOTION CARRIED.

OLD BUSINESS

CMHSP Updates

Mr. Babbitt announced that North Country has recently acquired two Licensed Behavioral Analysts (LBA).

Ms. Zeller acknowledged that Northern Lakes is struggling to provide psychological services and is reaching out to other CMHSPs and statewide groups to fill the gap.

PIHPs V State

Mediation in State of Michigan Court of Claims Case No. 24-000198-MZ (NorthCare Network, Northern Michigan Regional Entity, Region 10 PIHP, and Community Mental Health Partnership of Southeast Michigan vs. the State of Michigan, MDHHS, and Director Elizabeth Hertel) took place on August 13th during which Mr. Kurtz became aware that MDHHS staff seemed to be unclear of the historical risk and financial arrangements.

Mr. Kurtz noted a prior ISF guidance document was removed from the FY25 contract.

The next mediation session with Judge Phillip Shefferly (a former bankruptcy judge) is scheduled for September 3rd.

PRESENTATION

Quality Update

Chief Clinical Officer, Bea Arsenov, provided an update on the NMRE's Quality Assurance and Performance Improvement Program (QAPIP), a structured system designed to monitor, evaluate, and improve the quality and safety of clinical and support services for Medicaid behavioral health and substance use disorder (SUD) beneficiaries.

FY26 Goal	Status
The NMRE will develop new auditing tools utilizing PCE Auditing to increase efficacy and allow for trending and monitoring of outcomes and progress.	Completed
A new Site Visit Tool addressing all the areas of home and community-based services (HCBS) monitoring needs will be developed by March 2026.	Completed
The NMRE will collect and review data for the HEDIS measures tied to the Performance Bonus Incentive Pool (PBIP).	Ongoing
To incorporate best practices and optimize level of care placement protocols, member CMHSPs will utilize MCG Indicia as a guide alongside other standardized assessments such as LOCUS, MichiCANS, and ASAM Continuum.	Completed
Training will occur based on documented and reported needs to SUD providers in co-occurring and Women's Specialty Services training needs, and CMHSPs in Standards and Clinical Compliance, Person-Centered Planning, and Quality and Utilization Alignment.	Completed and Ongoing
Increase SUD Health Home Enrollment from baseline by September 30th.	Completed
Increase Behavioral Health Home Enrollment by 6%-7% by September 30th.	Completed

Increase CRM Event Reporting timeliness to ≥ 90%.	Ongoing
Increase Medicaid Encounter Verification percentage to 91%-95% by April 1st.	Ongoing

Quality Benchmark	FY26 Target	Current Status
SAA-AD: antipsychotic medication adherence	≥ 62%	69.14%
IET: SUD treatment/Initiation	≥40%	30.82%
IET: SUD treatment/Engagement	≥14%	12.14%
Joint Care Plans in CC360 (for qualified Adult enrollees)	≥25%	100%
FUH: follow-up after hospitalization within 30 days/Adult	≥58%	79.85%
FUH: follow-up after hospitalization within 30 days/Children	≥79%	94.86%
ADD: medication follow-up/Initiation	≥52.6%	55.44%
ADD: medication follow-up/Continuation	≥61.2%	57.31%
APM: metabolic monitoring	≥27.6%	24.87%
APP: first-line psychosocial care	≥65.6%	55.21%
FUA: follow-up after ED visit for SUD within 30 days/Age 13-17	≥35.6%	50.0%
FUA: follow-up after ED visit for SUD within 30 days/Adult	≥36.3%	44.4%
FUM: follow-up after ED Visit for MI	≥60.8%	71.68%

Additional Goals/QAPIP Activities	FY26 Target	Current Status
Provide Quality Oversight/Utilization Training	March 2026	Completed
Create and utilize HCBS Site-Visit Tool	March 2026	Completed
Review and adopt Practice Guidelines	March 226	Completed
Implement Universal Credentialing CRM	April 2026	Completed
Transition HCBS training to CMHSPs	April 2026	Completed
Submit report on Social Determinants of Health to MDHHS	July 2026	Completed
Conduct site reviews of contracted providers	September 2026	Completed
Conduct Consumer Experience surveys	September 2026	In Process
Submit Patient-Centered Medical Home Report to MDHHS	November 2026	In Process

COMMENTS

Board

Mr. Labar brought up the fact that MDHHS has mandated the use of the Level of Care Utilization System (LOCUS) and the Michigan Child and Adolescent Needs and Strengths (MichiCANS) assessment tools (MichiCANS) as part of its statewide Mental Health Framework (MHF). These tools will determine which payer (MHP vs. PIHP) is responsible for the enrollee's care. Ms. Arsenov stated that the MichiCANS is not a biopsychosocial assessment and has little clinical value but is, nonetheless, mandated by the state. Ms. Goodman added that the Primary Care Behavioral Health association is in talks about these screening assessments and the limitations they have in the bigger system.

Public

Larry LaCross, CEO of Catholic Human Services, echoed the sentiments expressed regarding the mental health framework, LOCUS, and MichiCANS. Some people who score high on the assessments prefer to receive treatment in community agencies; disallowing this would reverse collaborative efforts made over many years. Additionally, private insurance companies may start arbitrarily denying payment for individuals with high assessment scores.

NEXT MEETING DATE

The next meeting of the NMRE Board of Directors was scheduled for 10:00AM on September 23, 2026.

ADJOURN

Let the record show that Mr. Ginop adjourned the meeting at 11:09AM.