

**NORTHERN MICHIGAN REGIONAL ENTITY
BOARD OF DIRECTORS MEETING
10:00AM – DECEMBER 3, 2025
GAYLORD BOARDROOM**

| | |
|---------------------------|---|
| ATTENDEES: | Bob Adrian, Dave Freedman, Ed Ginop, Ron Iseler, Mary Marois, Michael Newman, Ruth Pilon, Don Tanner, Chuck Varner |
| VIRTUAL ATTENDEES: | Karen Goodman |
| ABSENT: | Gary Klacking, Dana Labar, Eric Lawson, Jay O’Farrell, Don Smeltzer |
| NMRE/CMHSP STAFF: | Bea Arsenov, Brian Babbitt, Carol Balousek, Brady Barnhill, Gail Grangood-Griffin, Lisa Hartley, Chip Johnston, Brooke Kleinert, Eric Kurtz, Brian Martinus, Trish Otremba, Pamela Polom, Nena Sork, Denise Switzer, Deanna Yockey, Lynda Zeller |
| PUBLIC: | Anonymous (2), Sarah Garthe, Genevieve Groover, Terri Henderson, Larry LaCross, Rob Palmer, Diane Pelts, Kim Rappleyea |

CALL TO ORDER

Let the record show that Board Vice-Chairman, Don Tanner, called the meeting to order at 10:00AM.

ROLL CALL

Let the record show that Gary Klacking, Dana Labar, Eric Lawson, Jay O’Farrell, and Don Smeltzer were excused from the meeting on this date; all other NMRE 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 MARY MAROIS TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS MEETING AGENDA FOR DECEMBER 3, 2025; SUPPORT BY CHUCK VARNER. MOTION CARRIED.

APPROVAL OF PAST MINUTES

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

MOTION BY CHUCK VARNER TO APPROVE THE MINUTES OF THE OCTOBER 22, 2025 MEETING OF THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS; SUPPORT BY DAVE FREEDMAN. MOTION CARRIED.

CORRESPONDENCE

- 1) Notice from the Community Mental Health Association of Michigan (CMHAM) announcing incoming Chief Executive Officer, Alan Bolter, effective November 1, 2025. Previous CEO, Robert Sheenan, will continue serving as CEO through October 31, 2026.
- 2) Michigan Department of Health and Human Services (MDHHS) Schedule G – Local Funding Obligation Schedule Pursuant to PA22 of 2025.
- 3) A letter from Angie Cline, Conference Coordinator for Great Lakes Rural Mental Health Association (GLRMHA) thanking Mr. Kurtz for attending GLRMHA's 32nd Annual Fall Conference and inviting the NMRE and its member CMHSPs to attend the 2026 conference.
- 4) Email correspondence dated October 23, 2025, from CMHAM CEO, Robert Sheehan, supplying sound bites in opposition to the PIHP bid out.
- 5) An Action Alert from CMHAM urging the public to contact legislators, the Governor, and the Lieutenant Governor to express concern about MDHHS's RFP process.
- 6) A document from CMHAM titled, "Recommended Components of a Redesigned Public Mental Health System in Michigan."
- 7) Email correspondence from CMHAM announcing the upcoming hearing dates of December 8th (Lansing) and December 9th (Grand Rapids) in the litigation related to the PIHP bid out.
- 8) A letter from the Centra Wellness Board of Directors dated November 4, 2025, to Mr. Kurtz and Mr. Klacking expressing concern with budgetary issues, including accountability of the region's CMHSPs to remain with PM/PM, the need to implement full risk contracting for the region's CMHSPs, and the lack of a mechanism to prevent a CMHSP from attacking the risk corridor at a level higher than it contributes without proper safeguards.
- 9) The draft minutes of the November 10, 2025, regional Finance Committee meeting.

Mr. Kurtz drew attention to the letter received from Great Lakes Rural Mental Health Association (GLRMHA) and the correspondence from CMHAM regarding the hearings scheduled for December 8th and 9th.

The letter from the Centra Wellness Network Board of Directors will be discussed in further detail under the PM/PM History Review portion of the agenda.

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 October Board Meeting.

CEO Report

The NMRE CEO Monthly Report for November 2025 was included in the materials for the meeting on this date. Mr. Kurtz highlighted his participation in a Commission on Accreditation of Rehabilitation Facilities (CARF) interview for North Country CMHA.

Draft September 2025 Financial Report

- Net Position showed a net surplus for Medicaid and HMP of \$7,354,182. Carry forward was reported as \$447,383. The total Medicaid and HMP current year surplus was reported as \$7,801,565. FY24 HSW revenue was reported as \$1,289,241. The total Medicaid and HMP adjusted current year surplus was reported as \$6,512,324. The total Medicaid and HMP Internal Service Fund was reported as \$20,576,156. The total Medicaid and HMP net surplus was reported as \$28,377,721.
- Traditional Medicaid showed \$229,155,265 in revenue, and \$218,601,787 in expenses, resulting in a net surplus of \$10,553,478. Medicaid ISF was reported as \$13,514,675 based on the current FSR. Medicaid Savings was reported as \$0.
- Healthy Michigan Plan showed \$ 30,031,322 in revenue, and \$33,230,618 in expenses, resulting in a net deficit of \$3,199,296. HMP ISF was reported as \$7,068,394 based on the current FSR. HMP savings was reported as \$736,656.
- Health Home showed \$3,193,959 in revenue, and \$2,726,906 in expenses, resulting in a net surplus of \$467,053.
- SUD showed all funding source revenue of \$28,898,004 and \$24,160,950 in expenses, resulting in a net surplus of \$4,737,054. Total PA2 funds were reported as \$4,669,035.

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 | \$2,377,437 | \$4,234,900 |

| Actual FY25 Activity | | | |
|----------------------|------------------|----------------------|------------------------|
| Beginning Balance | Current Receipts | Current Expenditures | Current Ending Balance |
| \$4,765,231 | \$1,780,037 | \$1,876,232 | \$4,669,035 |

It was noted that although the Quarter 3 Liquor Tax payments were not sent as the funds were directed to debt services, the overall annual impact to liquor tax was only \$67,069 less than projected.

Roughly \$616K in SUD Block Grant Funding will be used to fund projects originally approved for liquor tax funds, where applicable.

The numbers reflected in the year-end report were submitted to MDHHS for the Interim FSR due November 10th, though it was noted that numbers will change between now and February 28th as additional claims come in.

October and November revenue was much lower than anticipated (approximately \$200K per month). Eligibles dropped significantly between September and October. This is a statewide trend. There has been no word of a rate adjustment. Individuals are being abruptly dropped from

Medicaid and HMP. Between September and October, DAB, HMP, and TANF (combined) eligibles dropped by 4,551. The NMRE will continue to monitor revenue and eligibles closely.

Mr. Kurtz acknowledged that the CMHSPs may have to look at adjustments to their FY26 budgets.

MOTION BY DAVE FREEDMAN TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY MONTHLY FINANCIAL REPORT FOR SEPTEMBER 2025; SUPPORT BY MARY MAROIS. ROLL CALL VOTE.

“Yea” Votes: R. Adrian, D. Freedman, E. Ginop, R. Iseler, M. Marois, M. Newman, R. Pilon, D. Tanner, C. Varner

“Nay” Votes: Nil

MOTION CARRIED.

Operations Committee Report

The draft minutes from December 2, 2025, were distributed during the meeting on this date. The FY26 revenue and the drop in eligibles were reviewed. Legal action against the PIHP bid out and PM/PM History Review were the primary topics of discussion, both of which are upcoming agenda items for the meeting on this date.

NMRE SUD Oversight Committee Report

The draft minutes from November 3, 2025, were included in the materials for the meeting on this date. Liquor tax requests will be discussed under “New Business.”

NEW BUSINESS

Liquor Tax Requests

The following liquor tax requests were recommended for approval by the NMRE Substance Use Disorder Oversight Committee on November 3, 2025.

| | Requesting Entity | Project | County | Amount |
|----|-----------------------------------|--|----------------------------|---------------|
| 1. | 217 Recovery | Recover Center and Peer Services | Grand Traverse | \$100,000 |
| 2. | Catholic Human Services | Grand Traverse County Jail SUD Medication | Grand Traverse | \$200,000 |
| 3. | Centra Wellness Network | Safenet Prevention Program | Benzie, Manistee | \$64,304 |
| 4. | District Health Department #10 | Deterra Disposal and Medication Lockbox Project | Missaukee, Wexford | \$10,000 |
| 5. | Health Department of Northwest MI | Michigan Profile for Healthy Youth (MIPHY) Incentive Program | Benzie, Missaukee, Wexford | \$12,000 |

Ms. Marois asked whether prior performance is considered when projects are requesting continuation funding. Ms. Arsenov responded that all grants and PA2 projects have reporting goals and benchmarks that need to be achieved. Status update meetings are held monthly at the NMRE. Ms. Marois requested a summary of project activities and objectives for accountability which Ms. Arsenov agreed to provide.

**MOTION BY DAVE FREEDMAN TO APPROVE THE LIQUOR TAX REQUESTS
RECOMMENDED BY THE NORTHERN MICHIGAN REGIONAL ENTITY SUBSTANCE USE
DISORDER OVERSIGHT COMMITTEE ON NOVEMBER 3, 2025, IN THE TOTAL AMOUNT
OF THREE HUNDRED EIGHTY-SIX THOUSAND TWO HUNDRED FOUR DOLLARS
(\$386,204.00); SUPPORT BY CHUCK VARNER.**

Discussion: Regarding the request for Jail SUD medication, clarification was made that the program was originally funded through other grants. Liquor tax funds would be used only to purchase the medications, with no staffing or administrative charges applied.

Roll Call Voting took place on Mr. Freedman's motion.

"Yea" Votes: R. Adrian, D. Freedman, E. Ginop, R. Iseler, M. Marois, M. Newman, R. Pilon, D. Tanner, C. Varner

"Nay" Votes: Nil

MOTION CARRIED.

County Overviews

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

| | Projected FY26 Available Balance | Amount Approved November 3, 2025 | Projected Remaining Balance |
|----------------|---|---|--|
| Benzie | \$233,454.16 | \$29,863.26 | \$203,590.90 |
| Grand Traverse | \$404,348.90 | \$300,000.00 | \$104,348.90 |
| Manistee | \$215,833.04 | \$37,340.74 | \$178,492.30 |
| Missaukee | \$48,748.14 | \$5,106.85 | \$43,641.29 |
| Wexford | \$66,151.78 | \$13,893.15 | \$52,258.63 |
| Total | \$968,536.02 | \$386,204.00 | \$582,332.02 |

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

OLD BUSINESS

Northern Lakes Lookback and Update

On Nov. 25th, Mr. Kurtz and Ms. Yockey met with Lynda Zeller, Northern Lakes CMHA's Interim CFO, Melissa Bentgen, and representatives of Roslund, Prestage, and Company (RPC) and Rehmann. Regarding the cost misallocation lookback, the decision was made that Centra Wellness CFO, Donna Nieman, and NorthCare Network CEO, Megan Rooney, will work with Ms. Zeller and her staff to redo the Financial Status Reports (FSR) for fiscal years 2020, 2021, and 2022, with input from the Rehmann lookback, which will be reviewed by RPC for compliance. A dialogue between RPC and Rehmann will follow. No lookback of fiscal years 2018 and 2019 will occur until this has been completed.

All parties agreed that it is best to resolve this matter quickly. No engagement letters have been signed to date.

Mr. Freedman expressed appreciation for the support received from Ms. Nieman, Ms. Rooney, and others.

Legal Actions Related to the PIHP Bid Out

Lawsuits filed by Region 10 PIHP, Southwest Michigan Behavioral Health, Mid-State Health Network, St. Clair County Community Mental Health Authority, Integrated Services of Kalamazoo, And Saginaw County Community Mental Health Authority (Case # 25-000148-MB) and Centra Wellness Network, Northeast Michigan CMHA, Wellvance, Gogebic CMHA, North Country CMHA, and Manistee County (Case #25-000162-MB) against State of Michigan, State of Michigan Department of Health And Human Services, a Michigan State Agency, and State of Michigan Department of Technology, Management & Budget, a Michigan State Agency have been enjoined. A hearing is scheduled to take place on December 8th and 9th. A large turnout is expected.

PM/PM HISTORY REVIEW

In a letter dated November 4, 2025, to NMRE CEO, Eric Kurtz, and Board Chair, Gary Klacking, the Centra Wellness Board of Directors expressed concern with the following budgetary issues:

- Accountability of all CMH's to remain within their PM/PM
- Need to implement the NMRE Board's directive to move to full risk contracting for the CMH's within the NMRE
- Lack of mechanism to prevent a CMH from attacking the risk corridor at a level higher than they contribute without proper safeguards

A summary of the CMHSPs' spending (over)/under the PM/PM was distributed to Board Members. It was noted that FY25 numbers are based on the Interim FSR.

| | FY17 | FY18 | FY19 | FY20 | FY21 |
|--------------|--------------------|--------------------|--------------------|-------------------|-------------------|
| CWN | 59,097 | (1,012) | (303,596) | 1,551,273 | 2,528,263 |
| NC | (1,055,044) | 708,073 | (1,730,469) | 3,565,072 | 6,784,896 |
| NEM | (578,436) | (202,753) | 84,616 | 2,104,085 | 2,060,469 |
| NL | (1,943,167) | (2,696,180) | (4,960,531) | 3,155,724 | 8,087,605 |
| Wellvance | (83,098) | 309,646 | (899,838) | 2,522,126 | 5,959,278 |
| Total | (3,600,649) | (1,882,225) | (7,809,818) | 12,898,280 | 25,420,510 |

| | FY22 | FY23 | FY24 | FY25 | TOTAL |
|--------------|-------------------|--------------------|---------------------|------------------|-------------------|
| CWN | 1,101,736 | (1,022,066) | (683,029) | 1,196,096 | 4,426,762 |
| NC | 2,982,251 | (1,537,373) | (2,246,875) | 2,246,875 | 8,347,201 |
| NEM | 281,993 | (2,748,143) | (1,376,478) | 470,200 | 95,551 |
| NL | 4,823,169 | (1,466,073) | (8,599,401) | (5,964,071) | (9,562,924) |
| Wellvance | 4,419,718 | 2,078,439 | 1,119,784 | 1,493,736 | 16,919,791 |
| Total | 13,608,967 | (4,695,216) | (13,156,204) | (557,164) | 20,226,381 |

Mr. Kurtz noted that the numbers for Fiscal years 2020, 2021, and 2022 are deceptive due to the COVID pandemic and frankly should not be considered in the analysis due to the pause in Medicaid redeterminations which kept Medicaid flowing at an artificially high level. Excess funding for those years was lapsed back to the State.

It was noted that the region intentionally spent \$4.6M beyond the PM/PM in FY23 (budget stabilization spending). These were intended to be one-time expenses though some have continued.

Mr. Kurtz explained that PIHPs are under a net cost settlement arrangement with the state. PIHPs can fund CMHSPs' Medicaid overages on legitimate Medicaid expenses. Because the state does not give PIHP's any leverage to hold CMHSPs' accountable for overspending, the question was raised regarding putting the CMHSPs at full risk. Other PIHP regions are interested in adopting the same approach. Depending on the outcome of the PIHP bid-out, CMHSPs may be under full risk, fee-for-service payment model anyway.

An actuarial analysis is being considered, as a first step toward this process. It was noted that this analysis will be costly.

Mr. Tanner voiced appreciation for the report.

COMMENTS

Board

Mr. Tanner commented that Michigan Association of Counties' (MAC) Board of Directors decided to submit bids (with Rehmann) on the three PIHP regions (via the creation of the MAC Behavioral Network, a separate 501(c)(3)) to offer a collaborative option based on local control and maintain as much of the current system as possible. Mr. Tanner questioned whether the move was vetted by County Commissioners as many oppose privatization. It was noted that CMHAM has asked to know the names of the bidders under the Freedom of Information Act. Mr. Freedman asserted that the names of bidders should be public information. Publicly, MAC still opposes the direction the department has taken in putting the system out to bid and has asked for the RFP to be pulled back.

NEXT MEETING DATE

The next meeting of the NMRE Board of Directors was scheduled for 10:00AM on January 28, 2026.

ADJOURN

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