

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

ATTENDEES:	Bob Adrian, Dave Freedman, Ron Iseler, Dana Labar, Eric Lawson, Mary Marois, Michael Newman, Jay O’Farrell, Ruth Pilon, Don Smeltzer, Mark Surbrook, Don Tanner
VIRTUAL ATTENDEES:	Chuck Varner (Mio)
ABSENT:	Ed Ginop, Karen Goodman
NMRE STAFF/CMHSP CEOs:	Bea Arsenov, Brian Babbitt, Brady Barnhill, Jodie Balhorn, Carol Balousek, Lisa Hartley, Brooke Kleinert, Eric Kurtz, Brie Molaison, Trish Otremba, Pamela Polom, Nena Sork, Denise Switzer, Chris VanWagoner, Deanna Yockey, Lynda Zeller
PUBLIC:	Anonymous (3), Angie Balberde, Erin Barbus, Cindy Evans, Sarah Garthe, Sarah Hegg, Terri Henderson, Larry LaCross, Katie Lorence, Rob Palmer, Kim Rappleyea, Nancy Rhue

CALL TO ORDER

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

ROLL CALL

Let the record show that Ed Ginop and Karen Goodman were excused from the meeting on this date. All other 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 APRIL 22, 2026; SUPPORT BY DON SMELTZER. MOTION CARRIED.

APPROVAL OF PAST MINUTES

Let the record show that the March 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 MARCH 25, 2026 MEETING OF THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS; SUPPORT BY DON SMELTZER. MOTION CARRIED.

CORRESPONDENCE

- 1) A Detroit News opinion dated March 31, 2026, by Alan Bolter, Chief Executive Officer of the Community Mental Health Association of Michigan (CMHA), titled "MDHHS Mental Health Plan Adds Bureaucracy, Not Care."
- 2) Communication from CMHA dated January 26, 2026, regarding the 2026 Annual PAC Campaign.
- 3) Document from the CMHA Guidance Group and its subgroup titled, "CMHA Advocacy Strategy Post Court Decision and Withdrawal of Initial RFP: CMHA System Strengthening and Improvement Initiative."
- 4) Summary Disposition dated April 8, 2026 from Judge Christopher Yates in the Michigan Court of Claims Case #25-000143-MB (Region 10 PIHP, Southwest Michigan Behavioral Health, Mid-State Health Network, St. Clair County Community Mental Health Association, Integrated Services of Kalamazoo, and Saginaw County Community Mental Health Authority vs. State of Michigan, Michigan Department of Health and Human Services, Michigan Department of Technology, Management, and Budget) allowing MDHHS to reduce the number of PIHPs in the state from 10 to three.
- 5) Summary Disposition dated April 14, 2026 from Judge Christopher Yates in the Michigan Court of Claims Case #25-000143-MB (Region 10 PIHP, Southwest Michigan Behavioral Health, Mid-State Health Network, St. Clair County Community Mental Health Association, Integrated Services of Kalamazoo, and Saginaw County Community Mental Health Authority vs. State of Michigan, Michigan Department of Health and Human Services, Michigan Department of Technology, Management, and Budget) and #25-000162-MB (Centra Wellness Network, Northeast Michigan Community Mental Health Authority, Wellvance, Gogebic Community Mental Health Authority, North Country Community Mental Health Authority, and Manistee County vs. State of Michigan, Michigan Department of Health and Human Services, Michigan Department of Technology, Management, and Budget) concluding that both cases have been rendered moot due to the cancellation of the original Request for Proposals.
- 6) House Oversight Subcommittee on Public Health & Food Security report on the Michigan Behavioral Health System.
- 7) The NMRE regional Performance Indicator report for Quarter 1 of Fiscal Year 2026.
- 8) Flyer promoting the NMRE's Day of Education at Treetops Resort in Gaylord on May 15, 2026.
- 9) The draft minutes of the April 15, 2026, regional Finance Committee meeting.

Mr. Kurtz drew attention to the article by Alan Bolter, CEO of CMHAM, in opposition to the state's Mental Health Framework initiative.

Mr. Kurtz next drew attention to the NMRE's Annual Day of Education at Treetops Resort on May 15th.

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 March Board Meeting.

CEO Report

The NMRE CEO Monthly Report for April 2026 was included in the materials for the meeting on this date. Mr. Kurtz drew attention to the hearing in the Michigan Court of Claims on April 9th in (case #24-000198-MZ) the matter between North Care Network, Northern Michigan Regional Entity, the Community Mental Health Partnership of Southeast Michigan, and Region 10 PIHP (Plaintiffs) against the State of Michigan, the State of Michigan Department of Health and Human Services, and Elizabeth Hertel, in her official capacity (Defendants) regarding the FY25 PIHP Contract. This topic will be discussed under "Old Business."

February 2026 Financial Report

- Net Position showed a net surplus for Medicaid and HMP of \$5,430,882. Carry forward was reported as \$2,844,054. The total Medicaid and HMP current year surplus was reported as \$8,274,936. The total Medicaid and HMP Internal Service Fund was reported as \$20,590,089. The total Medicaid and HMP net surplus was reported as \$28,865,025.
- Traditional Medicaid showed \$96,521,932 in revenue, and \$90,337,684 in expenses, resulting in a net surplus of \$6,184,248. 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 \$11,227,933 in revenue, and \$11,981,299 in expenses, resulting in a net deficit of \$753,366. HMP ISF was reported as \$7,070,804 based on the current FSR. HMP savings was reported as \$0.
- Health Home showed \$1,310,689 in revenue, and \$1,143,938 in expenses, resulting in a net surplus of \$166,751.
- SUD showed all funding source revenue of \$9,176,430 and \$7,951,132 in expenses, resulting in a net surplus of \$1,225,298. Total PA2 funds were reported as \$4,588,666.

PA2/Liquor Tax was summarized as follows:

Projected FY26 Activity			
Beginning Balance	Projected Revenue	Approved Projects	Projected Ending Balance
\$5,142,821	\$1,847,106	\$2,071,443	\$4,918,483

Actual FY26 Activity			
Beginning Balance	Current Receipts	Current Expenditures	Current Ending Balance
\$5,142,821	\$0	\$554,155	\$4,588,666

	Centra Wellness	North Country	Northeast MI	Northern Lakes	Wellvance
Medicaid	\$646,789	\$1,624,163	\$1,576,554	(\$504,258)	\$2,129,385
HMP	(\$189,442)	(\$151,963)	\$155,551	(\$1,037,116)	(\$135,160)
Total	\$457,347	\$1,472,200	\$1,732,105	(\$1,541,374)	\$1,994,225

Revenue remains flat and stable (similar to September 2025). Milliman's FY26 projections were higher in both revenue and eligibles. An analysis of the impact will be shared with Keith White in the actuarial division of MDHHS.

Healthy Michigan Plan eligibles through March 31, 2026, are 15% lower than Milliman projections, accounting for \$5.4M in lost revenue. DAB and TANF eligibles fell 1.96% and 7.13% respectively, accounting for an additional \$5,445,243 in lost revenue.

The \$2.8M FY25 carry forward will change at the end of April with final numbers from Northern Lakes. The NMRE's ISF is currently funded \$1.1M beyond 7.5% of the total Medicaid capitation.

Mr. Freedman asked what the blacked-out cells in the financial report represent. Ms. Yockey responded that the cells are null but cannot be deleted due to formula calculations.

No PA2 payments have been received thus far for FY26. The Quarter 1 payments were used by the Michigan Department of Treasury to pay on debt. Quarter 2 payments are expected at the end of April. It was noted that the NMRE maintains a balance equivalent to one year's receipts for each county. Mr. O'Farrell agreed to raise the PA2 payment issue during an upcoming meeting of the Michigan Association of Counties (MAC).

Eligibility dipped from September 2025 to October 2025 but has stayed fairly consistent since then.

MOTION BY DON TANNER TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY MONTHLY FINANCIAL REPORT FOR FEBRUARY 2026; SUPPORT BY DAVE FREEDMAN. MOTION CARRIED.

Operations Committee Report

The draft minutes from the April 21, 2026, Operations Committee meeting were distributed to Board Members on this date. Much of the meeting centered around the FY26 Performance Bonus Incentive Program findings. This was discussed in detail under the "Presentation" agenda item.

Updates on the Contract Dispute lawsuit (COC #24-000198-MZ) and RFP-related lawsuits (COC #25-000143-MB and COC #25-000162-MB) were provided under "Old Business." The benefits and drawbacks of signing and submitting the FY26 Contract (as written) were discussed. The 7.5% ISF cap is the only remaining issue for the NMRE.

A mental health campus in Northern Michigan, proposed National Alliance on Mental Illness (NAMI) Grand Traverse and other advocates, is gaining legislative support. The Northern Michigan Mental Health Campus (potentially located in Kalkaska) would provide the region with 42 to 52 inpatient and residential beds, and evidence-based mental health therapies and would cost approximately \$25M.

NMRE SUD Oversight Committee Report

Let the record show that the next meeting is scheduled for May 4, 2026, at 10:00AM.

NEW BUSINESS

Let the record show that there was no "New Business" on the agenda for the meeting on this date.

OLD BUSINESS

CMHSP Updates

All five CMHSPs will be involved in May is Mental Health Month Activities.

- Centra Wellness
A search for a new Executive Director and Chief Financial Officer is underway
- North Country
An Autism Awareness walk is being held on April 26th in Boyne City. A Color Run is taking place on May 30th in Petoskey.
- Northeast Michigan
2K, 5K, and 10K Runs/Walks are being held on May 16th in Alpena.
- Northern Lakes
Traverse House Clubhouse is having a 30-year Anniversary Celebration on May 28th in Traverse City.
- Wellvance
A Mental Health America Bell Seal for Workplace Mental Health was awarded to Wellvance for having a mentally healthy workplace. The 6th Annual Mond Matters event is being held on May 16th in East Tawas.

PIHP Contract Dispute – COC Update

A motion hearing took place on April 9th in Michigan Court of Claims Case #24-000198-MZ regarding the FY25 PIHP Contract.

The Attorney General's office argued that the Plaintiffs have no standing to dispute the FY25 contract since it was not signed. Attorney Chris Ryan (Taft, Stettinius & Hollister) reviewed the three areas of dispute (Waskul settlement, CCBHCs, and 7.5% ISF cap.)

A decision regarding whether Plaintiffs can move forward with the lawsuit will be made by Judge Sima Patel.

Mr. Kurtz noted that the PIHP Contract Negotiations Committee disbanded a few years ago; currently, the PIHPs have no input into contract language.

Legal Actions Related to the PIHP Bid Out

A hearing took place on April 13, 2026, on the Attorney General's motion to dismiss the lawsuits filed against the State related to the PIHP bid out (#25-000143-MB and #25-000162MB).

Judge Christopher Yates issued a Summary Disposition on April 14, 2026, concluding that both cases have been rendered moot due to the cancellation of the original Request for Proposals. A decision is expected regarding whether the case will be dismissed with or without prejudice. If the case is dismissed without prejudice, the Plaintiffs are allowed to refile the lawsuit later.

The state has indicated plans to issue a new RFP, likely in May.

It was noted that the names of applicants/bidders from the previous RFP have not been released despite FOIA requests.

PRESENTATION

Performance Bonus Incentive Program (PBIP)

NMRE Chief Clinical Officer, Bea Arsenov, updated the Board on the FY25 Performance Bonus Incentive Program (PBIP) scoring.

Ms. Arsenov explained that unearned funds for a performance metric were distributed to the PIHP(s) that achieved full points on that metric, proportionally based on their original withhold amounts. For metrics with multiple deliverables scored separately, if no PIHP achieved full points on one deliverable, the unearned funds for that deliverable were distributed to the PIHP(s) that achieved full points on the other deliverable(s) within the same metric.

Total NMRE Withhold	Total NMRE Withhold Unearned	Total Distribution of Unearned (from PIHPs that didn't score points)	Grand Total NMRE Earned
\$1,913,249.57	\$436,029.56	\$1,295,481.76	\$2,772,701.77

The metrics related to Initiation and Engagement of Alcohol and Other Drug Abuse or Dependence Treatment (IET) were not met as NMRE does not have access to the data set. The metrics require PIHPs to intervene at 14 and 34 days post diagnosis; however, claims don't hit the PIHPs for 90 days. Only one PIHP in the state met the metric (Southeast) because of its unique structure within Emergency Departments (embedded clinic) and relationship with the University of Michigan.

Mr. Labar applauded Ms. Arsenov and her Team for the performance and analysis related to PBIP. Ms. Arsenov responded that the credit goes to all the providers in the region (CMHSPs and SUD).

Ms. Arsenov drew attention to scoring changes to the FY26 PBIP. In the "Contractor-only Measures," one metric moved to a point value of 40 to 50, another metric moved to a point value of 20 to 40, and one metric moved to a point value of 40 to 10 points, with a 1% benchmark change.

During the April 21st meeting, the regional Operations Committee moved to retain \$100K of the PBIP funds for evidence-based and rural best practices research. Payments will be sent to the CMHSPs on May 1st, proportionate to PM/PM, as follows:

NMRE (SUD)	Centra Wellness	North Country	Northeast MI	Northern Lakes	Wellvance
\$209,105	\$222,790	\$674,025	\$404,695	\$803,516	\$358,572

It was noted that CMHSPs can use PBIP funds as local dollars. The NMRE is one of only a few PIHPs in the state that shares PBIP funds with its Member CMHSPs rather than retaining the full amount.

COMMENTS

Board

Mr. Freedman wished everyone a Happy Earth Day.

NEXT MEETING DATE

The next meeting of the NMRE Board of Directors was scheduled for 10:00AM on May 27, 2026.

ADJOURN

Let the record show that Mr. Lawson adjourned the meeting at 11:31AM.