

**NORTHERN MICHIGAN REGIONAL ENTITY
BOARD OF DIRECTORS MEETING
10:00AM – AUGUST 28, 2024
GAYLORD BOARDROOM**

ATTENDEES:	Bob Adrian, Tom Bratton, Ed Ginop, Gary Klacking, Eric Lawson, Mary Marois, Michael Newman, Gary Nowak, Jay O’Farrell, Ruth Pilon, Richard Schmidt, Don Smeltzer, Don Tanner, Chuck Varner
ABSENT:	Karla Sherman
NMRE/CMHSP STAFF:	Bea Arsenov, Brady Barnhill, Brian Babbitt, Eugene Branigan, Carol Balousek, Lisa Hartley, Chip Johnston, Eric Kurtz, Brian Martinus, Diane Pelts, Nena Sork, Denise Switzer, Deanna Yockey
PUBLIC:	Kari Bleau, Samantha Borowiak, Adam Chapko, Chip Cieslinski, Brandon Cox, Dave Freedman, Kassondra Glenister, Jessica LaPan, Madeline McConnell, Hilarie Rappuhn, Naveed Syed

CALL TO ORDER

Let the record show that Chairman Gary Klacking called the meeting to order at 10:00AM.

ROLL CALL

Let the record show that Karla Sherman 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 no changes to the meeting agenda were requested.

MOTION BY GARY NOWAK TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS MEETING AGENDA FOR AUGUST 28, 2024; SUPPORT BY DON TANNER. 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 DON TANNER TO APPROVE THE MINUTES OF THE JULY 24, 2024 MEETING OF THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS; SUPPORT BY DON SMELTZER. MOTION CARRIED.

CORRESPONDENCE

- 1) The draft minutes of the June 4, 2024 PIHP CEO meeting.
- 2) The Michigan Department of Health and Human Services (MDHHS) Medicaid Mental Health and Substance Use Disorder Payment Responsibility Grid dated October 2024.
- 3) Email correspondence dated July 25, 2024 from Bob Sheehan, CEO of the Community Mental Health Association of Michigan (CMHAM), to PIHP and CMHSP CEOs and Provider Alliance Members providing an update on Conflict-Free Access and Planning (CFAP) related advocacy including recommendation by CMHSM that the October 1, 2024 implementation date be dropped.
- 4) Email correspondence dated July 29, 2024 from Bob Sheehan (CMHAM) to PIHP and CMHSP CEOs and Provider Alliance Members regarding workforce impact of MDHHS's CFAP approach.
- 5) Article from the *Macomb Daily* by Jameson Cook dated August 5, 2024, titled, "Macomb County officials oppose state effort to reduce mental health services reserve fund."
- 6) Email correspondence from Meghan Groen, Behavioral and Physical Health and Aging Services Administration at MDHHS, dated August 14, 2024 regarding Neuro-psych testing.
- 7) Flyer for the Walk A Mile in My Shoes rally taking place at the Capitol in Lansing on September 17, 2024.
- 8) The draft minutes of the August 14, 2024 regional Finance Committee meeting.

Mr. Kurtz highlighted the workforce impact of the Department's CFAP proposal. Based on a recent survey, CMHAM estimates that:

- 1203 union direct care workers will lose their jobs when the HCBS work is moved out of those organizations
- 553 non-union direct care workers will lose their jobs when the HCBS work is moved out of those organizations
- 856 union case managers/supports coordinators will lose their jobs when the PCP development/case management/supports coordination work is moved out of those organizations
- 553 non-union case managers/supports coordinators will lose their jobs when the PCP development/case management/supports coordination work is moved out of those organizations

Mr. Kurtz drew attention to the article from the *Macomb Daily* opposing efforts by the state to limit the funding of PIHP Internal Service Funds to an amount that is less than what is actuarially sound and attempts to contractually limit PIHPs' abilities to appropriately manage their risk.

The date for the Walk a Mile Rally in Lansing was changed to Tuesday, September 17th.

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.

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 2024 was included in the materials for the meeting on this date. The FY25 PIHP Specialty Supports and Services with the state will be discussed under "Old Business."

June 2024 Financial Report

- Net Position showed net deficit Medicaid and HMP of \$3,486,255. Carry forward was reported as \$11,624,171. The total Medicaid and HMP Current Year Surplus was reported as \$8,137,916. The total Medicaid and HMP Internal Service Fund was reported as \$20,576,156. The total Medicaid and HMP net surplus was reported as \$28,714,072.
- Traditional Medicaid showed \$156,096,777 in revenue, and \$154,804,307 in expenses, resulting in a net surplus of \$1,292,470. Medicaid ISF was reported as \$13,510,136 based on the current FSR. Medicaid Savings was reported as \$845,073.
- Healthy Michigan Plan showed \$21,396,955 in revenue, and \$26,130,730 in expenses, resulting in a net deficit of \$4,778,725. HMP ISF was reported as \$7,066,020 based on the current FSR. HMP savings was reported as \$10,779,098.
- Health Home showed \$2,321,538 in revenue, and \$2,031,456 in expenses, resulting in a net surplus of \$290,082.
- SUD showed all funding source revenue of \$22,355,333 and \$20,522,585 in expenses, resulting in a net surplus of \$1,832,748. Total PA2 funds were reported as \$5,028,902.

It was noted that four of the Member CMHSPs (all but AuSable Valley) are overspending Medicaid. All five Member CMHSP are overspending HMP. The region will be tapping into carryforward dollars to cover the deficit. FY24 revenue is within \$1M-\$2M of FY23 revenue, however, spending for medically necessary services has increased.

For the remainder of FY24, liquor tax funds will likely be needed to supplement block grant funding. Substance Use Disorder (SUD) block grant treatment is up 23% from FY23 and 44% from FY22. This is primarily due to individuals being taken off the Medicaid and Healthy Michigan benefits during the post public health emergency redetermination process.

At the end of Quarter 3 (June 30, 2024) the NMRE was 99% spent on block grant funding. The NMRE was allocated \$1.8M in block grant funds for FY24; current spending is approximately \$2M. Clarification was made that residential room and board is fully funded with block grant funds; the NMRE is looking at options to fund a portion of room and board with Medicaid.

Mr. Lawson requested a quick Board-level refresher on the function of the Internal Service Fund (ISF). Ms. Yockey explained that if the PIHP ends a fiscal year with a surplus, it can carry forward 5% of Medicaid Capitation Revenue into the next fiscal year to be used for medically necessary services. Additionally, PIHPs may transfer Medicaid Capitated funds up to 7.5% of the Medicaid/Healthy Michigan Plan pre-payment authorization to the ISF in any given year.

It was noted that expenditures are unlikely to decline. Advocacy efforts are underway around the need to close the Medicaid revenue gap faced by PIHPs and CMHSPs in FY24. A substantial adjustment to Medicaid Capitation rates is greatly needed.

The regional Operations Committee has discussed the option of the CMHSPs transferring unspent general funds to the NMRE to hold in a special fund account. The NMRE would act as a repository and set the funds aside for CMHSP use; however, this would require permission from the state.

Dave Freedman asked how the change to Medicaid Health Plans covering Non-Emergency (NEMT) Medical Transportation for Medicaid-covered services (including SUD) will affect costs. Ms. Arsenov responded that she doesn't anticipate a big impact on the NMRE budget; it will mainly affect the MHPs.

MOTION BY DON TANNER TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY MONTHLY FINANCIAL REPORT FOR JUNE 2024; SUPPORT BY ERIC LAWSON. MOTION CARRIED.

Operations Committee Report

The draft minutes from August 20, 2024 were included in the materials for the meeting on this date. Four of the Member CMHSPs (all but North Country) are depleted of general funds. North Country is transferring \$75K each to AuSable Valley, Northeast Michigan, and Northern Lakes. This led to a discussion of the NMRE retaining excess general funds on behalf of the CMHSPs, as was mentioned during the previous agenda item.

NMRE SUD Oversight Committee Report

The next meeting of the NMRE Substance Use Disorder Oversight Committee is scheduled for September 9, 2024 at 10:00AM.

NEW BUSINESS

Let the record show that there was no New Business to present to the Board during the meeting on this date.

OLD BUSINESS

Northern Lakes CMHA Update

Mr. Kurtz is meeting with Northern Lakes CMHA Board Chair, Greg McMorrow, in the next week or two. Some preliminary information has been received regarding the financial investigation, but a final report has not been issued to bring to the Board.

FY25 PIHP Contract Update

During the July Board meeting, Mr. Kurtz raised two issues with the proposed FY25 PIHP Supports and Services Contract with the State. Since then, an updated version of the contract was received. Among several changes pertaining to Certified Community Behavioral Health Clinics (CCBHC), language was updated related to the Waskul Settlement Agreement to read: "Contractor must comply with all terms and conditions of the Waskul Settlement Agreement once it is approved, and all contingencies have been met." Mr. Kurtz disagreed with the revised language as it implies agreement with the settlement agreement. No changes to the ISF language were made and there has been no memo pertaining to the willingness to negotiate further in FY25.

Mr. Kurtz indicated that he is still hesitant to sign the Contract in its current form.

Also during the July meeting, the Board moved to authorize attorney Chris Cooke to compose a letter to MDHHS Director, Elizabeth Hertel, regarding the financial ramifications of the proposed Waskul settlement agreement and the fiscal implications of the 7.5% ISF cap.

In the Waskul case, the Plaintiffs alleged that Community Living Supports (CLS) CLS are medically necessary services meant to help individuals participate in the community and keep their independence. Self-determination (SD) is a system where the person getting the CLS chooses and hires the staff to provide the CLS. The lawsuit claims that in 2015, Washtenaw County Community Mental Health (WCCMH) reduced the amount SD CLS recipients had in their budgets to hire those staff.

Plaintiffs reached a settlement agreement with Defendant (MDHHS) on December 1, 2023. If the court approves the settlement, it will raise the reimbursement rate for CLS services for Habilitation Supports Waiver (HAB Waiver) recipients using Self-Determination (SD) to \$31/hour.

Mr. Kurtz stressed that, by limiting the additional funding to those individuals on the Habilitation Supports Waiver who self-direct their CLS service, MDHHS is skewing the labor market away from agency providers and toward self-directed services even when the services they receive are the same. Currently, CLS rates across the state average approximately \$20/hour.

Mr. Johnston noted that five of the ten PIHP regions are in financial distress. The 7.5% cap for ISF was an arbitrary figure which was intended to be revised after an actuarial study.

Mr. Lawson asked if there is any hope of the legislature getting involved, to which Mr. Kurtz responded that the legislature appropriated \$116M in April; however, the state hasn't released most of the funds.

Ms. Marois asked whether the CMHSPs must consider cuts to services. Ms. Sork responded that Northeast Michigan is planning to make some cuts to general fund services effective October 1st. It was noted that when individuals who lost Medicaid had their Medicaid reinstated, payments were only retroactive for 3 months rather than the start of the fiscal year; this resulted in large costs to general funds. Mr. Babbit added that inpatient and autism services have been the major causes of Medicaid overspending, and those services can't be cut. Rates must be increased to a viable level. Mr. Kurtz acknowledged that he hadn't been receiving rate setting meeting invitations due to a clerical error, but he will be attending moving forward.

PRESENTATION

Addiction Treatment Services – Mobile Care Unit

Jessica LaPan, Mobile Program Manager with Addiction Treatment Services was in attendance to present on ATS's Mobile Care Unit.

The ATS Mobile Care Unit was funded with State Opioid Response (SOR) grant funding. Operating in Antrim, Benzie, Kalkaska, Leelanau, Manistee, and Wexford Counties, the Mobile Care Unit offers the full scope of substance use disorder treatment services, referrals, harm reduction supplies, and Narcan.

Regular communication with community partners has led to direct, regular referrals with individual providers and collaboration with community partners. This has resulted in reduced barriers to treatment and the ability to offer comprehensive care to address the whole individual, by providing not only access to SUD treatment, but also additional support and referrals to address the social determinants of health impacting individuals served. Community hubs of key stakeholders (mental health providers, health departments, law enforcement agencies) have

been created within each county to address community needs and coordinate care for those with SUD and behavioral health challenges.

Between October 1, 2024 and July 31, 2024, 248 individuals were served, 67 were referred to additional SUD services, 129 were referred to Medication Assisted Treatment. The goal is to increase the number of individuals served at each location by 2% each quarter.

Mr. Johnston voiced support for the program, noting that in a rural community, providers need to build trust.

Mr. Adrian asked whether funding is sustainable. Ms. LaPan responded that funding is always a concern. The FY24 budget was \$140K. The \$800 daily rate covers staffing, gas, maintenance, and supplies.

More information may be found by visiting: [ATS MOBILE UNIT :: Addiction Treatment Services](#)

COMMENTS

Public

Naveed Syed, CEO of Quality Behavioral Health, a non-profit SUD provider, announced that a new location and expansion of its mobile methadone unit is coming to Manistee.

MEETING DATE

The next meeting of the NMRE Board of Directors was scheduled for 10:00AM on September 25, 2024.

ADJOURN

Let the record show that Mr. Klacking adjourned the meeting at 11:14AM.