**Northern Michigan Regional Entity**

**Board Meeting**

**March 27, 2024**

**1999 Walden Drive, Gaylord**

**10:00AM**

**Agenda**

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| 1. | Call to Order | |
| 2. | Roll Call | |
| 3. | Pledge of Allegiance | |
| 4. | Acknowledgement of Conflict of Interest | |
| 5. | Approval of Agenda | |
| 6. | Approval of Past Minutes – February 28, 2024 | Pages 2 – 7 |
| 7. | Correspondence | Pages 8 – 25 |
| 8. | Announcements | |
| 9. | Public Comments | |
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| | a. Executive Committee Report – March 20, 2024 | Pages 26 – 29 |
| | b. CEO's Report – March 2024 | Page 30 |
| | c. Financial Report – January 2024 | Pages 31 – 52 |
| | d. Operations Committee Report – March 19, 2024 | Pages 53 – 55 |
| | e. NMRE SUD Oversight Board Report –March 4, 2024 | Pages 56 – 61 |
| 11. | New Business | |
| | a. Liquor Tax Request – Cheboygan County – Cheboygan Drug-Free Coalition | Page 62 |
| | b. NMRE Board Nominating Committee | |
| 12. | Old Business | |
| | a. Northern Lakes Update | |
| | B. NMRE Board Resolution | Pages 63 – 65 |
| 13. | Presentation | |
| | a. SUD Block Grant and Liquor Tax (PA2) Interplay | Page 66 |
| 14. | Comments | |
| | a. Board | |
| | b. Staff/CMHSP CEOs | |
| | c. Public | |
| 15. | Next Meeting Date – April 24, 2024 at 10:00AM | |
| 16. | Adjourn | |

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Conference ID: 497 719 399#

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

| | |
|---|---|
| **ATTENDEES:** | **Tom Bratton, Ed Ginop, Gary Klacking, Michael Newman, Gary Nowak, Ruth Pilon, Richard Schmidt, Don Smeltzer, Don Tanner, Chuck Varner** |
| **VIRTUAL ATTENDEES:** | **Eric Lawson, Jay O'Farrell, Karla Sherman** |
| **ABSENT:** | **Bob Adrian, Greg McMorrow, Jay O'Farrell** |
| **NMRE/CMHSP STAFF:** | **Bea Arsenov, Brian Babbitt, Carol Balousek, Eugene Branigan, Lisa Hartley, Chip Johnston, Eric Kurtz, Brian Martinus, Diane Pelts, Brandon Rhue, Nena Sork, Deanna Yockey** |
| **PUBLIC:** | **Chip Cieslinski, Tiffany Fewins, Dave Freedman, Genevieve Groover, Sue Winter** |

CALL TO ORDER
Let the record show that Chairman Don Tanner called the meeting to order at 10:00AM.

ROLL CALL
Let the record show that Bob Adrian, Greg McMorrow, and Jay O'Farrell were excused from the meeting on this date; all other 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 changes to the meeting agenda were proposed.

**MOTION BY RICHARD SCHMIDT TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS MEETING AGENDA FOR FEBRUARY 28, 2024; SUPPORT BY GARY NOWAK. MOTION CARRIED.**

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

**MOTION BY GARY NOWAK TO APPROVE THE MINUTES OF THE JANUARY 24, 2024 MEETING OF THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS; SUPPORT BY TOM BRATTON. MOTION CARRIED.**

CORRESPONDENCE

1) The minutes from the Community Mental Health Association of Michigan's (CMHAM) Directors Forum dated January 24, 2024.
2) Memorandum from Kristen Jordan to PIHP and CMHSP Executive Directors dated February 12, 2024 regarding the Electronic Visit Verification (EVV) implementation.
3) Email correspondence from CMHAM dated February 8, 2024 regarding the lack of understanding by MDHHS staff, of the public nature/identity and roles of Michigan's public mental health system, as defined in statute and in the federal Medicaid waivers that undergird Michigan's behavioral health system.
4) Correspondence from CMHAM regarding Michigan's FY25 Executive Budget Proposal.
5) Communication from MDHHS notifying the Northern Michigan Regional Entity that full compliance with the Performance Bonus Incentive Pool was earned for FY23 totaling $1,720,949.50.
6) Correspondence from Roslund Prestage & Company dated February 13, 2024 to Members of the Northern Michigan Regional Entity Board of Directors extending to them the opportunity to share any concerns they may have regarding the NMRE's finances or other operational areas.
7) The draft minutes of the February 14, 2024 regional Finance Committee meeting.

Mr. Kurtz drew attention to the FY25 Executive Budget Proposal, noting that it is just the beginning of the process. It includes a $150M increase for Medicaid, a slight increase in Health Home funding, and a decrease in Healthy Michigan Plan. Funding for Certified Community Behavioral Health Clinics has increased x4 since FY23.

Mr. Kurtz also spoke about the regional Performance Bonus Incentive Payment. The stated amount is the minimum that the NMRE will receive. Depending on other PIHPs' performances, the NMRE's award could increase. The final award notice will be sent by March 15, 2024.

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.

**Executive Committee Report**

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

**CEO Report**

The NMRE CEO Monthly Report for February 2024 was included in the materials for the meeting on this date. Mr. Kurtz AuSable Valley CMHA for the opportunity to present a regional update to its Board of Directors on February 26th.

Mr. Bratton suggested that the region develop a set of priorities that can be communicated to legislators (such as why Behavioral Health Homes are a better solution than CCBHCs in rural Northern Michigan). He added that Medicaid reimbursement rates in Michigan are terrible and proposed that the Board pass a resolution calling for an increase in Medicaid reimbursement rates. Mr. Tanner noted that the NMRE's Medicaid rate is higher because there is not a CCBHC in the region.

Mr. Kurtz offered to consult with the regional Operations Committee on drafting resolution language.

Mr. Kurtz stressed the need to advocate for more general funds "across the board."

**MOTION BY TOM BRATTON TO CHARGE THE NORTHERN MICHIGAN REGIONAL OPERATIONS COMMITTEE WITH DRAFTING RESOLUTION LANGUAGE TO ADVOCATE FOR ADDITIONAL MENTAL HEALTH MEDICAID FUNDING AND RURAL MODELS OF SERVICES INCLUDING ADDITIONAL GENERAL FUNDS OUTSIDE OF CERTIFIED COMMUNITY BEHAVIORAL HEALTH CLINIC SERVICES; SUPPORT BY RUTH PILON. MOTION CARRIED.**

**December 2023 Financial Report**

- Net Position showed net surplus Medicaid and HMP of $3,515,630. Carry forward was reported as $13,325,617. The total Medicaid and HMP Current Year Surplus was reported as $16,841,247. The total Medicaid and HMP Internal Service Fund was reported as $17,437,845. The total Medicaid and HMP net surplus was reported as $34,279,092.
- Traditional Medicaid showed $52,433,750 in revenue, and $48,266,170 in expenses, resulting in a net surplus of $4,167,580. Medicaid ISF was reported as $10,371,825 based on the current FSR. Medicaid Savings was reported as $2,324,071.
- Healthy Michigan Plan showed $7,367,072 in revenue, and $8,019,022 in expenses, resulting in a net deficit of $651,950. HMP ISF was reported as $7,066,020 based on the current FSR. HMP savings was reported as $11,001,546.
- Health Home showed $694,927 in revenue, and $564,276 in expenses, resulting in a net surplus of $130,651.
- SUD showed all funding source revenue of $7,525,716 and $6,481,958 in expenses, resulting in a net surplus of $1,043,758. Total PA2 funds were reported as $4,898,195.

Approved PA2 projects include those approved by the NMRE Board in January.

The NMRE's carry forward and ISF are both fully funded.

Ms. Yockey reported that 11,000 eligibles have dropped Medicaid since Sept. 2023; this is a statewide trend. Because the decline in eligibles has exceeded Milliman's projections and to account for direct care wage overtime costs, a rate change is being discussed. The decline in DAB, TANF, and HMP revenue is currently being offset by increased Habilitation Supports Waiver (HSW) revenue. There are currently 11 open HSW slots in the region with four packets in the queue. Additional block grant funds have been requested for substance use disorder services given the decline in HMP. Mr. Babbit informed the group that the 1115 waiver renewal includes a rate increase effective April 1st.

**MOTION BY RICHARD SCHMIDT TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY MONTHLY FINANCIAL REPORT FOR DECEMBER 2023; SUPPORT BY ED GINOP. MOTION CARRIED.**

**Operations Committee Report**
The minutes from February 20, 2024 were included in the materials for the meeting on this date in draft form.

**NMRE SUD Oversight Committee Report**
The next meeting of the NMRE Substance Use Disorder Oversight Committee is scheduled for 10:00AM on March 4, 2024 at the NMRE office in Gaylord.

NEW BUSINESS

**New Horizons Learning Credits**
The NMRE has purchased training credits to be used by staff from the NMRE and its five Member CMHSPs for the past several years. Current training funds have been reduced to $1,400 with registrations pending. During promotional periods, New Horizons matches purchase credits dollar for dollar ($20,000 minimum). Mr. Kurtz recommended that the region purchase $50,000 to meet the ongoing needs of the region (for a total of $100,000 in training credits).

**MOTION BY DON SMELTZER TO APPROVE THE PURCHASE OF UNITED TRAINING CREDITS IN THE AMOUNT OF FIFTY THOUSAND DOLLARS ($50,00.00); SUPPORT BY RICHARD SCHMIDT. ROLL CALL VOTE.**

| | |
|---|---|
| **"Yea" Votes:** | T. Bratton, E. Ginop, G. Klacking, M. Newman, G. Nowak, R. Pilon, R. Schmidt, D. Smeltzer, D. Tanner, C. Varner |
| **"Nay" Votes:** | Nil |

**MOTION CARRIED.**

OLD BUSINESS

**Northern Lakes CMHA Update**
A meeting of the six County Administrators is scheduled for February 29th to continue the discussion of the Dispute Resolution process.

Mr. Bratton stated that the Northern Lakes CMHA Board of Directors is working on developing bylaws and selecting a governance model. The CEO search will not begin until after the forensic investigation has concluded. Mr. Kurtz is meeting with Mr. Carpenter and Brian Martinus for an update on March 1st.

PRESENTATIONS

**NMRE Quality Assessment and Performance Improvement Program FY23 Evaluation and FY24 Workplan**
The NMRE's Quality Assessment and Performance Improvement Program (QAPIP) FY23 Evaluation and FY24 Workplan were included in the materials for the meeting; they are due to the State by close of business on this date. NMRE Clinical Services Director, Branislava Arsenov, guided the Board through the documents.

The NMRE is required to provide the Board with routine updates on QAPIP activities. The Board was asked whether it would be beneficial to them to receive the minutes from the regional Quality and Compliance Oversight Committee in their meeting packets; Mr. Tanner indicated he would like to have the minutes added.

**MOTION BY CHUCK VARNER TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY'S QUALITY ASSESSMENT AND PERFORMANCE IMPROVEMENT FISCAL YEAR 2023 EVALUATION AND FISCAL YEAR 2024 WORKPLAN; SUPPORT BY TOM BRATTON. MOTION CARRIED.**

**Certified Community Behavioral Health Clinics (CCBHC) Overview**
Mr. Kurtz provided a brief history and overview of Michigan's CCBHCs.

Certified Community Behavioral Health Clinics (CCBHCs) are designed to ensure access to coordinated comprehensive behavioral health care. CCBHCs are required to serve anyone who requests care for mental health or substance use, regardless of their ability to pay, place of residence, or age. This includes developmentally appropriate care for children and youth.

CCBHC Background and Timeline:

| | |
|---|---|
| 2020 | Michigan and Kentucky authorized to join demonstration as a result of the CARES Act. |
| 2021 | Demonstration launched on October 1, 2021 beginning with 13 sites. |
| 2022 | CCNHC demonstration extended through FY27 and site expansion authorized by the bipartisan Safer Communities Act. |
| 2023 | Demonstration expanded October 1, 2023 adding 17 additional sites. |
| 2024 | FY25 budget recommendation proposes additional expansion of the demonstration. |

Potential risks and rewards of the CCBHC program were presented as:
- A CMH as a CCBHC will be at 100% risk for funding and serving all individuals regardless of third-party billing or ability to pay.
- Financing for non-traditional Medicaid services (e.g., CCBHC services) is based on annual legislative appropriations.
- The PIHP must ensure that if funding is moved from base regional rates for CCBHC services, it does not affect other non-CCBHC CMHSPs within the region.
- Rural areas must have an adequate CCBHC service array which may have higher costs and very low service volume.
- Newly proposed language may made Federal Qualified Health Centers (FQHC) qualified almost by default.
- Being a state certified CCBHC may prevent other non CMHSP providers from entering the market.

Ms. Pilon remarked that she heard during the CMHAM's Winter Conference that many organizations are pursuing CCBHC status because of SAMHSA grant funding. Mr. Kurtz responded that once an organization becomes certified, the grant money ceases.

It was noted that MDHHS recently reported that 15% of Medicaid daily (CCBHC) visits were served to beneficiaries with mild to moderate behavioral health needs in FY 2023, meaning that 85% qualify for CMHSP services.

COMMENTS
Mr. Johnston supported the idea of a board resolution.

NEXT MEETING DATE
The next meeting of the NMRE Board of Directors was scheduled for 10:00AM on March 27, 2024.

ADJOURN
Let the record show that Mr. Tanner adjourned the meeting at 11:57AM.

February 29, 2024

Dear CMHSP/PIHP Director:

I am, by this letter, **requesting the continued (or, in some cases, new) financial support, by you and your organization, for two of the Association's initiatives, centered around empowerment and voices of persons served**.

These two events – the annual **Walk A Mile Rally** on the Capitol lawn and the bi-annual **Creative Minds Traveling Art Show** – underscore the **political power** and **creative energy** of those served by Michigan's public mental health system.

**Walk A Mile**: The CMH Association of Michigan and the Association's Public Relations Committee will be holding the 2024 Annual Walk A Mile in My Shoes Rally on **Thursday, September 12, 2024**. This rally, held annually on the front lawn of the Michigan Capitol, draws nearly 1,500 persons served, families, advocates, and CMH, PIHP, and provider staff from all of Michigan's 83 counties, state legislators and policy makers. This rally is our largest statewide effort to bring attention to the important issues you, your staff, provider agencies, and the persons and families served dedicate themselves to daily.

As you may know, a committed group of volunteers – with a core drawn from your staff who are members of the Association's Public Relations Committee – staff the event and lead the fundraising needed to make this event possible. This year's event will be held in-person and is the **20th Anniversary of the Walk A Mile Rally!**

We want to thank the many CMHs and providers who answered the call for financial support last year. Thirty-four (34) CMHs and providers donated to support last year's event, providing sufficient funds to cover the costs for the virtual event – an empowering event for participants especially amidst pandemic conditions across the nation.

**Creative Minds Traveling Art Show:** In addition to the Walk A Mile in My Shoes Rally, the Association and its Public Relations Committee organizes a bi-annual "Creative Minds" Traveling Art Show, featuring the visual artwork of dozens of persons served by the public mental health system. This collection of paintings, drawings, and prints has been well received by the crowds who see these works as it is displayed in communities across the state. At the end of the two-year run, the art works are displayed at the Association's Fall Conference, where they are sold.

**REQUEST FOR FINANCIAL SUPPORT**: These two initiatives are uplifting experiences for the participants, providing a fabulous opportunity to highlight, with decision makers, key issues impacting our system and those whom it serves and an equally powerful opportunity to highlight the creativity of those served by the system. These events would not be what they are without the active participation of our member organization. Many of you have made these initiatives possible by donating to support them.

**These two initiatives fostering empowerment of persons served are maintained through these donations. This year, we are again asking for your support of these two events, in the amount of $540**. This represents the costs in supplies related to the preparation, framing, storing, and transporting of the art works, as well as costs associated with services provided during the Walk A Mile event.

Please understand that we would like your participation in these events regardless of whether or not your organization donates.

If you have any questions about this request or have feedback about the event, you can contact me at (517) 374-6848 or rsheehan@cmham.org, Alan Bolter at abolter@cmham.org, or our event chairperson Bridgitte Gates at 734-384-8780 or bgates@monroecmha.org.

Thank you for your support. We look forward to seeing you at the 2024 Walk-a-Mile Rally in September, and at the Art Show as it moves across the state.

Sincerely,

Robert Sheehan
Chief Executive Officer
Community Mental Health Association of Michigan

cc: PR Committee

# STATE OF MICHIGAN

## CERTIFICATE OF PROCLAMATION

ON BEHALF OF THE PEOPLE OF MICHIGAN,
I, Gretchen Whitmer, governor of Michigan, do hereby proclaim

April 2024
as
**ALCOHOL AWARENESS AND UNDERAGE DRINKING PREVENTION MONTH**

**WHEREAS**, adolescence is a critical and often vulnerable stage of human development, and it is during this time that many young people experiment with substances such as alcohol; and,

**WHEREAS**, compared to those who wait until they are 21 years of age to drink, young people who start drinking before the age of 15 are at a higher risk for developing alcohol use disorder later in life and are more likely to be in a motor vehicle crash due to alcohol use; and,

**WHEREAS**, youth who drink alcohol are more likely to experience problems in school and their social life, legal problems, physical and sexual violence, higher risk for suicide and homicide, misuse of other substances, and have changes in brain development that may have lifelong effects; and,

**WHEREAS**, the solution to ending underage drinking comes through widespread collaboration and engagement of multiple organizations and communities with all adults doing their part; and,

**WHEREAS**, during this month, we join with the Michigan Department of Health and Human Services to ask that parents, youth, government agencies, public and private institutions, businesses, workplaces, and all Michiganders support the efforts to reduce and prevent underage drinking in our state by limiting alcohol availability to minors;

**NOW, THEREFORE,** I, Gretchen Whitmer, governor of Michigan, do hereby proclaim April 2024 as Alcohol Awareness and Underage Drinking Prevention Month in Michigan.

Gretchen Whitmer

**Gretchen Whitmer**
Governor

Community Mental Health Association of Michigan

# Concerns and recommendations: MDHHS-proposed Conflict-Free Access and Planning approach

March 2024

## Summary

MDHHS has proposed options, in pursuit of compliance with Centers for Medicare and Medicaid Services (CMS) rules, that call for organizations that carry out the access, person centered planning, and case management/supports coordination functions of Michigan's public mental health system be separate organizations from those that provide other mental health services. These requirements, in Michigan, are referred to as Conflict Free Access and Planning (CFAP).

**While CMHA and its members strongly support the aim of the CMS rule**, the Community Mental Health Association of Michigan (CMHA), its members, and the persons served who participated in the MDHHS Listening Sessions, have concerns regarding the options proposed by MDHHS to achieve this aim. These concerns center around the **threat that these options hold for persons served and to the integrity of Michigan's public mental health system**.

**CMHA has proposed, in accordance with federal and state law and Michigan's Medicaid waivers, a comprehensive alternative to the MDHHS approach** – an alternative that provides for conflict mitigation while also ensuring ease of access for Michiganders to mental health services.

## Approach proposed by MDHHS

The Conflict Free Access and Planning (CFAP) approach, proposed by MDHHS, would require that a person seeking mental health services from the state's public mental health system obtain their assessment, individual plan of service (clinical treatment plan), and case management from one organization and receive the services outlined in that plan from another organization.

## Support for the intent of CMS rule and for freedom of choice for persons served

**CMHA and its members strongly support the aim of the CMS rule** - to ensure that conflicts of interest in the provision and financing of services are mitigated.

Additionally, **CMHA and its members strongly support the foundational principle that persons served be empowered by exercising their rights to make choices regarding the services and supports** that they receive. These rights include:

- the right to select an independent facilitator of their person-centered planning (PCP) (not employed by or affiliated with the CMHSP/PIHP) to facilitate the PCP process.
- the right to lead the person-centered planning (PCP) process with the involvement of allies chosen by the person served.
- the right to be provided with full information regarding the array of services and supports available, the choice of providers, and access to self-determination arrangements.

- The right to choose their case manager/supports coordinator – from those employed by the CMHSP, the CMHSP contractor, or to choose an independent supports coordinator ((not employed directly by a CMHSP or by a current CMH contracted provider)
- The right to use the CMHSP Recipient Rights System and Grievance/Appeal process. These processes are independent of the clinical reporting line from PCP development, service authorization, and HCBS services and are subject to MDHHS oversight.

## Concerns around options proposed by MDHHS

**1.** This structural separation of access, planning, and case management from service delivery, proposed by MDHHS, **makes an already complex system more complex for persons** served and creates an artificial access barrier to persons seeking services and weakens continuity and coordination/integration of care.

In fact, same day service (what is often termed "treat first") would be impossible under the separation of functions that MDHHS is proposing.

Additionally, outreach to persons in need of services would be seriously hindered by prohibiting the services provider from assessing and building a treatment/services plan with the person in need.

**The comments of persons served, obtained during the MDHHS listening sessions underscore the concerns of persons served** around the complexity, loss of access, and continuity of care that will occur as a result of the Department's proposed system restructuring. These comments are provided below:

- "I think [Separating access/planning from direct service] could be problematic due to a person having to repeat providing their info…"
- "Having to go from here, to here, to here to do it when being in a place where I need help would be a lot. It's a lot to ask one person to go through."
- "The concern is the challenge is managing [different organizations] that need to be in alignment with one another. The management now is already a concern. Does this make it worse.
- "…if no communication or miscommunication this will be hard because it will be left to person with disabilities to relay info."
- "[I have] mixed feelings. [It is] Protecting people getting these services, but I can get frantic going places to places."
- "Between the point of access and referral, things get dropped and lost."
- "It feels like the game it goes through several people and it is not the same in the end after it has moved through all the steps."

**2. The CMS rules were intended to prevent inappropriate financial gain/inappropriate profit taking by providers. CMHSPs are governmental bodies, prohibited from profit-taking.** Additionally, because Michigan's CMHSPs, unlike nearly every other state in the country, are financed via a shared-risk prepaid capitated basis, the state's CMHSPs have no financial interest in self-providing services, as would be true in a private or fee-for-service financing model. The funds retain their public identity subject to reporting, accounting, and government oversight.

**3.The MDHHS options dismantle and are in conflict with**:

- The **statutorily required core functions of Michigan's CMHSPs** – access and assessment, clinical plan development, and provision of services directly or through a directly managed provider network.

- The **federally required core functions of Michigan's Certified Community Behavioral Health Clinics (CCBHC) and Behavioral Health Homes (BHH)** – the functions of access and assessment, clinical plan (individual plan of service) development, and provision of services directly and through a directly managed provider network.

**4. MDHHS already has the approval of CMS of the innovative set of sound conflict-mitigation design elements and <u>can apply the CMS-outlined exception to the CMS rule</u>.** These approaches reflect the unique nature of Michigan's system and are included in Michigan's HCBS plan amendment. These conflict mitigation approaches include:

- The person facilitating the Person Centered Planning process are not providers of any Home and Community Based Services (HCBS) for that individual and are not the same persons responsible for the independent HCBS needs assessment.
- The person facilitating the PCP process does not authorize the services contained in the plan
- The development of the IPOS through the person-centered planning (PCP) process is led by the person served with the involvement of allies chosen by the person served to ensure that the service plan development is conducted in the best interests of the beneficiary.
- The person served can choose an independent facilitator (not employed by or affiliated with the CMHSP/PIHP) to facilitate the PCP process.
- The CMHSPs are required to provide full information regarding the array of services and supports available, the choice of providers, and access to self-determination arrangements.
- The person served can choose their case manager/supports coordinator employed by a CMHSP or PIHP contractor or can choose an independent supports coordinator (not employed directly by or affiliated with the PIHP except through the provider network)
- The persons served has the right to use the CMHSP Recipient Rights System and Grievance/Appeal process. These processes are independent of the clinical reporting line from PCP development, service authorization, and HCBS services and are subject to MDHHS oversight.

The public structure of and the state statutes that guide Michigan's CMH system **provides Michigan with the ability to apply the exception to the CMS rule which would allow the use of these conflict mitigation approaches**. The basis for such an exception is contained on page 6 of the legal opinion of the firm of Feldesman Tucker (one of the nation's leading Medicaid managed care law firms).

**5. Rather than harm access and cause unnecessary system complexity,**– what is needed are efforts to ensure that these conflict mitigation approaches are widely known and used by persons served. If these options are not often requested by persons served, what is needed is a strengthened effort to ensure that all persons served are informed of and supported in pursuing these options with the vigor that is found in the system's work to ensure that persons served are aware of their Recipient Rights.

# Recommendation: Comprehensive alternative conflict mitigation approach to Home and Community Based Services in Michigan

As Michigan works to ensure compliance with the CMS rule, the intent of which is strongly supported by the Community Mental Health Association of Michigan (CMHA), **CMHA and its members have proposed, below, an alternative conflict mitigation approach to those proposed by MDHHS.**

This alternative approach:

- Is founded on state and federal law and Medicaid waivers
- Provides strong safeguards against conflict of interest
- Prevents the addition of unnecessary and access-hindering complexity to the service access and delivery system
- Ensures the comprehensive organized system of care provided by Michigan's public mental health system and its ability to fulfill its statutory obligations.
- Can obtain CMS approval based on the points contained in this paper

## Proposed approach to HCBS conflict mitigation

The alternative approach, outlined below, builds upon and strengthens the wide range of conflict mitigation processes and tools currently existing in Michigan's system and described in Michigan's HCBS plan amendment .

The efforts proposed below need to be **designed and implemented with the vigor, breadth, and depth found in the state's mental health Recipient Rights system**. This effort would significantly bolster the state's work in ensuring HCBS conflicts are mitigated and that all persons served are informed of and supported in the exercise of the rights outlined in state's HCBS plan and the Michigan Mental Health Code.

This HCBS conflict mitigation approach consists of the following components:

**Structural conflict mitigation components**:

1. Persons facilitating the Person-Centered Planning process **cannot be providers** of any Home and Community Based Services (HCBS) to those with whom they facilitate PCP processes.
2. The person facilitating the PCP process or serving as the case manager/supports coordinator for the person served **cannot authorize the services** contained in the plan for that person.
3. Neither the persons facilitating the Person-Centered Planning process nor the providers of any Home and Community Based Services (HCBS) can be the person responsible for the **independent HCBS eligibility determination**. This latter role is held by MDHHS.

**Process-centered conflict mitigation components**:

1. **Robust monitoring and contract compliance processes** to ensure that:

    - The person facilitating the PCP process is **not a provider** of Home and Community Based services **nor the person authorizing** the services contained in the plan,
    - The development of the IPOS through the person-centered planning (PCP) process is **led by the person served with the involvement of allies chosen by the person served** to ensure that the service plan development is conducted in the best interests of the beneficiary,

- The person served has (and is informed that they have**) the right to choose an independent facilitator** (not employed by or affiliated with the CMHSP/PIHP) to facilitate the PCP process,
- The person served can (and is informed that they can) **choose their case manager/supports coordinator** employed by a CMHSP or PIHP contractor or can choose an independent case manager/supports coordinator (not employed directly by or affiliated with the PIHP except through the provider network),
- The person served was made **aware of all of the forms of grievance and appeals** to which they have a right and supported in pursuing those grievances and appeals if they choose to do so.

**Communication and information sharing components**:

1. **Accessible, frequent, and readily available information** to persons served regarding the rights outlined above – through the use of:
    - A uniform set of hard-copy handouts and electronic messages
    - Notices on the websites of the state's CMHSPs, PIHPs, providers, and MDHHS
    - Social media posts
2. **Continual education, training, supervision, and coaching of CMHSP, PIHP, and provider staff** around these rights – efforts led by MDHHS, the state's major advocacy organizations, and CMHA
3. The **use of contractual powers, corrective action plans, and sanctions**, when needed, to ensure that these rights are afforded persons served – via the MDHHS/PIHP contract, the MDHHS/CMHSP contract, and the PIHP/CMHSP contract.

**Rationale for the use of this approach** [1]

A number of characteristics, unique to Michigan's public mental health system, underscore the importance of applying the alternative HCBS conflict mitigation approaches outlined above. That alternate approach fits the definition of conflict mitigation approaches allowed by CMS – given the unique system characteristics, outlined below.

1. Michigan's Medicaid behavioral health system has one of the broadest arrays of HCBS services provided to the broadest set of persons, far beyond the limited number of persons receiving HCBS services in other states – typically only those persons certified as eligible for a limited number of "slots" through a habilitative, SED, or similar waivers. **In contrast to other states, Michigan has wisely expanded the use of HCBS services to a large and diverse number of Medicaid beneficiaries. So much so, that an iSPA was required to comply with the federal Medicaid waiver budget neutrality requirements**.

2. The **access and person-centered planning roles** of Michigan's CMHSPs, as local units of government, **are core requirements of Michigan's CMHSP system under Michigan's Mental Health Code and Medicaid waiver, unlike CMHSPs in many other states**. Michigan's system has a 60-year history of integrating the access, assessment, PCP development, case management, and provider roles into a comprehensive organized system of care.

[1] This rationale is supported by the legal opinion of the firm of Feldesman Tucker (one of the nation's leading Medicaid managed care law firms). That legal opinion can be found here.

The approach outlined above, fits the CMS standard for an alternate conflict mitigation approach, given that, **as outlined in state law and the state's Medicaid waivers, the state's CMHSPs, as the sub-capitated Medicaid Comprehensive Specialty Services Network (CSSN)**, are the only bodies that can develop and authorize individual plans of service and will be, for some beneficiaries, also an HCBS provider, given the breadth of Michigan's HCBS service array and the equally broad range of persons eligible to receive HCBS services. [i]

3. **Unlike many other states, Michigan's CCBHCs and Behavioral Health Homes provide HCBS and non-HCBS services**. The use of the alternative approach outlined above ensures that the state's CCBHCs and Behavioral Health Homes can comply with the HCBS requirements related to conflict mitigation while also complying with the CCBHC and Behavioral Health Home requirements mandating the linking, under the same provider organization, access, planning, case management, and service delivery.

4. Michigan's **CMHSPs and PIHPs are governmental bodies funded via shared-risk pre-paid capitation system**. Given these two characteristics, the conflicts that the CMS rule is intended to address – those of a private provider receiving financial gain by also holding the plan development and case management roles – are not present in Michigan's system.

**In many other states**, the Medicaid-funded behavioral health system is dominated by private non-profit and private for-profit organizations, for whom self-referral and authorization-related private gain concerns often lead to structural mitigation models – **unlike Michigan's governmental CMHSP and PIHP system.** The funds retain their public identity subject to reporting, accounting, and government oversight.

5. Given that the state's CMHSPs and PIHPs (the latter as provider-sponsored plans) hold the service authorization and financial responsibility for the services provided by the system, **the movement of the development of the person-centered plan and case management from the state's CMHSPs only serves to delink the plan development and its Medicaid authorization.** Such delinking will lead to the mismatch of the initial person-centered plan from the final authorized plan – a mismatch which will lead to confusion and frustration for the person served.

6. **Michigan's current HCBS plan** currently requires the offering of: independent PCP facilitator, independent case manager, choice of provider, and Self-Determination/Self-Directed Budget arrangements to mitigate conflicts of interest. This design sets the stage for CMS understanding the value of the alternative approach outlined above. [ii]

7. Over the last several years, **CMS has been supportive of innovation by states** – innovations that run counter to longstanding CMS regulations. Examples include CMS's approval of: the use of Medicaid dollars to fund brief inpatient stays at Institutions for Mental Disease (IMD); the suspension of Medicaid eligibility, rather than loss of eligibility, when a beneficiary is incarcerated; and the approval of state waivers that provide up to 6 months of rental assistance and other far-from-traditional Medicaid expenditures.

This history of the support for innovation, by CMS, provides a strong context for CMS's approval of the alternative confliction mitigation approach, outlined above.

[i] **CMHSPs as comprehensive service providers as defined by statute (Michigan Mental Health Code)**: Michigan's CMHSPs have been designed, with that design imbedded in state law, as comprehensive mental/behavioral health services providers. This role is underscored by the Michigan Mental Health Code requirement (Code language provided below) that outlines the comprehensive service array that CMHSPs must provide **whether provided directly or via contract with another provider**.

> 330.1206 Community mental health services program; purpose; services.
>
> Sec. 206.
> (1) The purpose of a community mental health services program **shall be to provide a comprehensive array of mental health services** appropriate to conditions of individuals who are located within its geographic service area, regardless of an individual's ability to pay. The array of mental health services shall include, at a minimum, all of the following:
> (a) **Crisis stabilization and response including a 24-hour, 7-day per week, crisis emergency service** that is prepared to respond to persons experiencing acute emotional, behavioral, or social dysfunctions, and the provision of inpatient or other protective environment for treatment.
> (b) **Identification, assessment, and diagnosis** to determine the specific needs of the recipient and to develop an individual plan of services.
> (c) **Planning, linking, coordinating, follow-up, and monitoring** to assist the recipient in gaining access to services.
> (d) **Specialized mental health recipient training, treatment, and support**, including therapeutic clinical interactions, socialization and adaptive skill and coping skill training, health and rehabilitative services, and pre-vocational and vocational services.
> (e) Recipient rights services.
> (f) Mental health advocacy.
> (g) **Prevention activities** that serve to inform and educate with the intent of reducing the risk of severe recipient dysfunction.
> (h) **Any other service approved by the department**.

[ii] Existing sound structural and procedural mitigation approaches, which would form the foundation for any revised approaches, **are outlined in Michigan's 1915(i) State plan HCBS State plan (Attachment 3.1–i.2)** the relevant sections of which are underscored below:

> The right of every individual receiving public mental health services in Michigan to the development of an individual plan of services and supports using the person-centered planning process is established by law in Chapter 7 of the Michigan Mental Health Code. Through the MDHHS/PIHP contract, MDHHS delegates the responsibility for the authorization of the service plan to the PIHPs.
>
> The PIHPs delegate the responsibilities of plan development to CMHSP supports coordinator or other qualified staff chosen by the individual or family. These individuals responsible for the IPOS are not providers of any HCBS for that individual and are not the same people responsible for the independent HCBS needs assessment. The CMHSPs authorize the implementation of service through a separate service provider entity. The development of the IPOS through the person-centered planning (PCP) process is led by the beneficiary with the involvement of allies chosen by the beneficiary to ensure that the service plan development is conducted in the best interests of the beneficiary. The beneficiary has the option of choosing an independent facilitator (not employed by

or affiliated with the PIHP) to facilitate the planning process. In addition, the PIHP, through its Customer Services Handbook and the one-on-one involvement of a supports coordinator, supports coordinator assistant, or independent supports broker are required to provide full information and disclosure to beneficiaries about the array of services and supports available and the choice of providers.

The beneficiary has the option to choose his or her supports coordinator employed by a PIHP subcontractor or can choose an independent supports coordinator (not employed directly by or affiliated with the PIHP except through the provider network) or select a supports coordinator assistant or independent supports broker. This range of flexible options enables the beneficiary to identify who he or she wants to assist with service plan development that meets the beneficiary's interests and needs. Person-centered planning is one of the areas that QMP Site Review Team addresses during biennial reviews of each PIHP.

The MDHHS/BHDDA has several safeguards in place to assure that the independent assessment, independent eligibility evaluation, development of the Individual Plan of Service (IPOS), and delivery of 1915(i) services by the PIHP provider network are free from conflict of interest through the following:

1) The mandated separation required in the MDHHS/PIHP contract that assures the assessor(s) of eligibility will not make final determinations about the amount, scope and duration of 1915i services;

2) The MDHHS/PIHP contract assures the provider responsible for the independent HCBS needs assessment are separate from the case manager/supports coordinator providers responsible for the development of the IPOS;

3) All Medicaid beneficiaries are supported in exercising their right to free choice of providers and are provided information about the full range of 1915(i) services, not just the services furnished by the entity that is responsible for the person-centered service plan development.

All beneficiaries are advised about the Medicaid Fair Hearing process in the Customer Services Handbook that is provided by the PIHP to the individual at the onset of services, at least annually at the person-centered planning meeting and upon request of the individual at any time. The Medicaid Fair Hearings process is available to the individual to appeal decisions made related to 1915(i) services.

This may include beneficiaries who believe they were incorrectly determined ineligible for 1915(i) services; beneficiaries who believe the amount, scope, and duration of services determined through the person-centered planning process is inadequate to meet their needs; and if 1915(i) services are reduced, suspended or terminated. Adequate Notice of Medicaid Fair Hearing rights is provided at the time the person-centered plan of service is developed and Advanced Notice of Medicaid Fair Hearing rights is provided prior to any reduction, elimination, suspension or termination of services;

4) The results of the individual needs assessment, including any other historical assessment or evaluation results, may be used as part of the information utilized in developing the individual plan of services (IPOS). Oversight/coordination of the IPOS is done by a case manager or supports coordinator or other qualified staff chosen by the individual or family, is not a provider of any other service for that individual, and is not the professional/entity that completes the individual needs assessment/authorization for eligibility or services;

5) The PIHP performs the utilization management managed care function to authorize the amount, scope and duration of 1915i services. PIHP utilization management staff are completely separate from the sub-contracted staff and entities performing evaluation, assessment, planning, and delivery of 1915i services.

STATE OF MICHIGAN
DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

GRETCHEN WHITMER
GOVERNOR

ELIZABETH HERTEL
DIRECTOR

March 7, 2024

Dear Behavioral Health Provider and Valued Stakeholder:

In October 2023, the Michigan Department of Licensing and Regulatory Affairs sent communication to all behavioral health providers notifying them of the decision to decommission the OpenBeds platform in Michigan, effective October 31st, 2023.

As OpenBeds will no longer host the psychiatric bed registry, the Michigan Department of Health and Human Services (MDHHS) has made the decision to utilize the EMResource platform. Many emergency departments and inpatient psychiatric facilities are familiar with and using EMResource, as it is currently utilized by the MDHHS Bureau of Emergency Preparedness, EMS and Systems of Care in another capacity related to public health emergency.

At this time the focus will solely be on tracking psychiatric bed availability. Pending the success of this initiative, MDHHS may expand the focus to tracking the availability of other crisis services such as crisis stabilization units and crisis residentials.

MDHHS will partner with the Michigan Health and Hospital Association and the CMH Association of Michigan along with representatives from people with lived experience, psychiatric hospitals, emergency departments, PIHPs, and CMHSPs to modify EMResources to fulfil the legislative requirement for tracking psychiatric bed availability.

Public Act 658(8) of 2018 requires the State of Michigan to implement a statewide psychiatric bed registry, along with the creation of an advisory committee. The advisory group has been instrumental in the development and implementation of the registry. With this recent change to the psychiatric bed registry's platform, the advisory group will be re-engaged in the coming months to provide support in the modification and implementation of the platform and development of common standards of use.

Behavioral Health Provider and Valued Stakeholder
March 7, 2024

We would like to thank you for your patience and understanding as MDHHS transitions the psychiatric bed registry project into its' next phase. If you have any questions, please contact us Krista Hausermann, MDHHS Crisis and Stabilization Services Section Manager at HausermannK@michigan.gov.

Sincerely,

*Kristen Jordan*

Kristen Jordan, Director
Bureau of Specialty Behavioral Health Services
Behavioral and Physical Health and Aging Services Administration

# Day of Mental Health Education

## STAYING AFLOAT IN THE STORM

Northern Michigan Regional Entity

**Friday, May 17, 2024**
**10 am—3pm**
(Registration begins at 9:30 am)
**Treetops Resort—Gaylord**

**Keynote Speaker:**

MSU-Extension: Nutrition and Exercise for Mental Health

**Breakout Sessions :**

A. Suicide Prevention

B. Grievance and Appeal Rights for Recipients

C. Everyday Conflict Resolution

And more!

Includes:

- Plated Lunch
- Health Checks
- Door Prizes
- Info Displays
- Entertainment

Register Online at:

Eventbrite by clicking here

Or

Scan the QR Code

If you have any questions or need assistance with registration
Call Brie Molaison at 833-285-0050
Register with your Clubhouse or Drop-in Center, or CMH by May 10th

**NORTHERN MICHIGAN REGIONAL ENTITY**
**FINANCE COMMITTEE MEETING**
**10:00AM – MARCH 13, 2024**
**VIA TEAMS**

| | |
|---|---|
| **ATTENDEES:** | **Laura Argyle, Brian Babbitt, Connie Cadarette, Ann Friend, Chip Johnston, Nancy Kearly, Eric Kurtz, Allison Nicholson, Donna Nieman, Brandon Rhue, Nena Sork, Erinn Trask, Jennifer Warner, Tricia Wurn, Deanna Yockey, Carol Balousek** |

REVIEW AGENDA & ADDITIONS
No additions to the meeting agenda were requested.

REVIEW PREVIOUS MEETING MINUTES
The February minutes were included in the materials packet for the meeting.

**MOTION BY CONNIE CARARETTE TO APPROVE THE MINUTES OF THE FEBRUARY 13, 2024 NORTHERN MICHIGAN REGIONAL ENTITY REGIONAL FINANCE COMMITTEE MEETING; SUPPORT BY DONNA NIEMAN. MOTION APPROVED.**

MONTHLY FINANCIALS
**January 2024**

- Net Position showed net surplus Medicaid and HMP of $2,090,954. Carry forward was reported as $11,624,171. The total Medicaid and HMP Current Year Surplus was reported as $13,715,125. The total Medicaid and HMP Internal Service Fund was reported as $20,576,156. The total Medicaid and HMP net surplus was reported as $34,291,281.
- Traditional Medicaid showed $69,391,463 in revenue, and $65,959,671 in expenses, resulting in a net surplus of $3,431,792. Medicaid ISF was reported as $13,510,136 based on the current FSR. Medicaid Savings was reported as $845,073.
- Healthy Michigan Plan showed $9,509,821 in revenue, and $10,850,689 in expenses, resulting in a net deficit of $1,340,838. HMP ISF was reported as $7,066,020 based on the current FSR. HMP savings was reported as $10,779,098.
- Health Home showed $927,739 in revenue, and $798,396 in expenses, resulting in a net surplus of $129,343.
- SUD showed all funding source revenue of $10,015,858 and $8,840,780 in expenses, resulting in a net surplus of $1,175,078. Total PA2 funds were reported as $4,956,807.

PA2/Liquor tax activity was summarized as follows:

| Projected FY24 Activity | | | |
|---|---|---|---|
| Beginning Balance | Projected Revenue | Approved Projects | Projected Ending Balance |
| $5,220,509 | $1,794,492 | $2,595,550 | $4,419,450 |

| Actual FY24 Activity | | | |
|---|---|---|---|
| Beginning Balance | Current Receipts | Current Expenditures | Current Ending Balance |
| $5,220,980 | 180,653 | $444,356 | $4,956,807 |

**MOTION BY ERINN TRASK TO RECOMMEND APPROVAL OF THE NORTHERN MICHIGAN REGIONAL ENTITY MONTHLY FINANCIAL REPORT FOR JANUARY 2024; SUPPORT BY DONNA NIEMAN. MOTION APPROVED.**

EDIT UPDATE
The next EDIT meeting is scheduled for April 18th at 10:00AM.

EQI
The FY23 EQI report was submitted to MDHHS on the due date of February 29th. Erinn asked whether the Boards would be willing to share their EQI reports. The Boards agreed to share their reports; Tricia will upload them to ShareFile.

FSR FINAL
The Department approved estimates for Northern Lakes so that the report could be submitted on time.

DHIP ANNUAL REPORTING
Deanna sent the FY23 NMRE summary to the Committee on March 4th. The due date for both the DHIP report and narrative was confirmed as April 30th. No instructions have been distributed to date. Eric and Deanna will conduct some research regarding the specific criteria for payments and report back to the Committee.

Erinn referenced the PIHP Contract Section (1) General Requirements/(S) Fiscal Audits and Compliance Examinations/(8) Payment Terms/(B) State Funding/(10) MDHHS Incentive Payment, which lists the requirements for the incentive payment.

Incentive payments occur on the following schedule:
1) April: Based on eligible children and the supporting encounter data submitted for October 1 – December 31.
2) July: Based on eligible children and the supporting encounter data submitted for January 1 – March 31.
3) October: Based on eligible children and the supporting encounter data submitted for April 1 – June 30.
4) January: Based on eligible children and the supporting encounter data submitted for July 1 – September 30.

PIHPS are expected to provide a one-page annual narrative report by each CMHSP in their Region summarizing how the MDHHS incentive payment is directly supporting mental health services for children involved in child welfare. The PIHP shall also include the total amount of annual MDHHS DHIP incentive funding they received and total amount and percentage that they passed down to CMHSPs. If the amount was less than 85% of the total amount received, an explanation is required.

LOCAL MATCH
The next due date was provided as May 15, 2024.

ALPINE CRISIS RESIDENTIAL UNIT

The question of whether respite can be provided in the setting has been raised. This topic will be placed on the March 19th Operations Committee meeting agenda for discussion. The facility is currently being used by the CMHSPs. Nancy indicated that Northeast Michigan is ready to submit encounters that include 1 spenddown and 1 general fund admission. Eric gave her permission to submit, noting that some billing and reconciliation with the NMRE will be required.

HSW UPDATE

As of this date, only 9 slots remain open; 3 packets are pending. A large increase in SED waiver approvals has also occurred. Deanna thanked the CMHSPs for their efforts.

PLAN FIRST UPDATE

Samples of individuals who are not on spenddown but were moved to Plan First were sent to Katy Wagner at PCE for review. HSW cases moved to Plan First have been sent to the Department. Emilea Brook at MDHHS is scheduling a HSW Technical Assistance webinar in March to review Medicaid eligibility issues related to Plan First enrollment.

During reenrollment, pervious DAB and HSW individuals were more likely to be put on Plan First because these individuals have directed income which can only be used for specific purposes. The funding they received for spenddown could not be used for other purposes during the spenddown freeze during the pandemic. These funds were accumulating in bank accounts for three years causing their assets to go over the Medicaid limit.

Ann asked whether clients who were moved to Plan First should be encouraged to resubmit their Medicaid applications. Eric responded that they should as their surplus funds are spent down.

FY24 REVENUE

A comparison of the CMHSPs' PMPM payments for the last five months of FY23 and the first five months of FY24 was included in the meeting materials.

| **PMPM Paid to All Boards** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | MA | Increase (Decrease) | HMP | Increase (Decrease) | HSW | Increase (Decrease) | Total | Overall Increase (Decrease) |
| 5/1/23 – 9/30/23 | 57,605,917 | | 8,429,831 | | 19,494,555 | | 85,530,303 | |
| 10/1/23 – 2/29/24 | 37,301,052 | (304,865) | $6,066,974 | (2,362,857) | 23,002,950 | 3,508,395 | 86,370,976 | **840,673** |
| Totals | 114,906,969 | (304,865) | 14,496,805 | (2,362,857) | 42,497,505 | 3,508,395 | 171,901,279 | |

Overall, revenue increased $840,673 in FY24.

Eric noted that the decline in enrollment was discussed during the PIHP CEO meeting with MDHHS on March 7t. A rate setting meeting is scheduled for March 21st; a rate increase is fully anticipated to account for both the decrease in eligibles and DCW overtime costs. An additional rate adjustment is also possible. A CFI meeting will follow on the same date.

NEXT MEETING

The next meeting was scheduled for April 10th at 10:00AM.

**NORTHERN MICHIGAN REGIONAL ENTITY**
**BOARD EXECUTIVE COMMITTEE**
**12:00PM – MARCH 20, 2024**
**GAYLORD CONFERENCE ROOM & MICROSOFT TEAMS**

| | |
|---|---|
| **GAYLORD ATTENDEES:** | **Ed Ginop, Gary Nowak, Don Tanner** |
| **VIRTUAL ATTENDEES:** | **Jay O'Farrell** |
| **GUESTS:** | **Stave Burnham, Richard Carpenter, Brian Martinus** |

Rehmann's "Financial Assessment Preliminary Report of Northern Lakes CMHA" was provided to Executive Committee members prior to the meeting. Mr. Carpenter clarified that the report is currently privileged and confidential and was produced as part of the management assessment of Northern Lakes CMHA (versus the forensic investigation).

Mr. Carpenter reviewed the **Report Disclosures**.
- It was recognized that both the NMRE and Northern Lakes CMHA have current, separate involvements with Rehmann. It was concluded that this does not represent a conflict of interest.
- During the performance of the management review, Rehmann staff were made aware of possible collusion by previous Northern Lakes CMHA finance staff to conceal information. The finance portion of the management review immediately halted, and a forensic investigation was recommended.

Mr. Carpenter reviewed the **Report Limitations**:
- The report does not include any results or recommendations related to the Human Resources portion of the management review. Those results will be furnished in a separate standalone report.
- The report is being released at the request of Mr. Kurtz given the nature of the recommendations and the urgency of action required by the NMRE Board of Directors. Only a partial report has been produced, limited to the MI-Choice and Integrated Health Clinic programs operating as Northern Healthcare Management. A comprehensive report on the finance portion of the management review will follow.

Mr. Carpenter reviewed the concerns and recommendations related to the **MIChoice Waiver Program**:
- The MIChoice Waiver is not a typical program run by a CMHSP nor is it contemplated in the Michigan Mental Health Code or the NLCMHA Enabling Agreements.
- There is no evidence that administrative cost reports have ever been completed/submitted; nor is there any evidence that administrative costs in 2023 were allocated to the program as required by MDHHS contracts, 2 CFR 200, or the required MDHHS Standard Cost Allocation Method.
- Failure to allocate administration in accordance with regulations results in an overallocation of administration to NMRE's Behavior Health Medicaid programs.
- The financial sustainability of MI-Choice after the allocation of administration is questionable and puts NLCMHA at risk of being able to fulfill its purpose as a CMHSP.

- **RECOMMENDATION**: NLCMHA should divest from the MI-Choice Waiver program as soon as possible, while ensuring continuity of service during a planned transition period.

Mr. Carpenter said that the best time to transition would be the beginning of the next fiscal year. This allows six months to work toward a transition. Only certain organizations can take over the MI-Chioce Waiver, including the Area Agency on Aging, or the Program of All-Inclusive Care for the Elderly (PACE) Program. Details will be gathered over the next 6 months that will need to be addressed.

Mr. Martinus noted that Northern Healthcare Management, a program of NLCMHA that runs the MI-Choice Waiver Program, operates in 22 counties.

Mr. Carpenter reviewed the concerns and recommendations related to the **Integrated Health Clinic (IHC)**:

- IHCs are not typical programs run by a CMHSP.
- There is no evidence that administrative costs in 2023 were allocated to the IHC, understating the actual operating cost of the program.
- The IHC is not financially sustainable; after allocation of administration, approximately $250,000 of local funds are required to supplement medical billing and grant revenues.
- **RECOMMENDATION**: NLCMHA should divest from the Integrated Health Clinic as soon as possible.

Mr. Carpenter acknowledged that the recommendation for both programs is very similar, but for different reasons. The IHC initially had partnered with a physical healthcare provider. At some point, that provider pulled out of the project. It is Mr. Carpenter's opinion that the IHC should have dissolved at that time.

Executive Committee members agreed that NLCMHA should focus its funding on core CMHSP business. Mr. Kurtz asked that Mr. Carpenter stress to the NLCMHA Board that these programs could put the core CMHSP services in jeopardy as the financial review continues.

NMRE Legal Counsel, Steve Burnham, verified that the NMRE is taking the right steps, in the right order, at the right pace. Mr. Burnham stressed that the investigation of Northern Lakes CMHA is ongoing.

Mr. O'Farrell suggested that there be one person appointed to speak to the media.

**MOTION BY GARY NOWAK TO ACCEPT THE RECOMMENDATIONS FROM REHMANN AS CONTAINED IN THE "FINANCIAL ASSESSMENT PRELIMINARY REPORT OF NORTHERN LAKES CMHA" AND TO ALLOW THE REPORT TO BE PRESENTED TO THE NORTHERN LAKES CMHA BOARD OF DIRECTORS ON MARCH 21, 2024; SUPPORT BY ED GINOP. MOTION CARRIED.**

The meeting adjourned at 12:37PM.

## Financial Assessment Preliminary Report

# Northern Michigan Regional Entity Assessment of Northern Lakes CMHA

# Executive Summary

Northern Michigan Regional Entity (NMRE) engaged Rehmann Robson LLC to perform an assessment for the Northern Lakes Community Mental Health Authority (NLCMH) in the fall of 2023. The assessment includes evaluation and recommendations related to both the financial and human resource operations of the organization.

**Disclosures:**

- After being engaged by the NMRE, the NLCMH Board hired Rehmann in the capacity of Interim CFO. Both parties, as represented by their respective CEOs, have acknowledged the roles held simultaneously and have concluded that this does not represent a conflict of interest, as both parties are interested in identifying and correcting any errors and/or omissions in the accounting record and resulting reports.
- During the course of this assessment, it came to our attention that the previous CFO and Finance Manager may have been colluding to manipulate or conceal information from us. Upon discovery of this, we immediately halted the finance portion of the assessment and recommended a forensic investigation of financial transactions as we can no longer rely on internal controls due to the risk of management override.

**Report Limitations:**

- This report does not include any results or recommendations related to the Human Resources portion of the assessment. Those results are published in a separate standalone report.
- This report is being released at the request of the NMRE CEO given the nature of the recommendations and the urgency of action required by the NMRE Board of Directors. This is only a partial report, limited to the MIChoice and Integrated Health Clinic (IHC) programs, a comprehensive report related to finance is expected to supersede this report.

**MIChoice Concerns/Recommendations:**

- MIChoice Waiver is not a typical program run by a CMHSP nor is it contemplated in the Michigan Mental Health Code or the NLCMH enabling agreements.
- There is no evidence that administrative cost reports have ever been completed/submitted; neither is there any evidence that administrative costs in 2023 had been allocated to the program as required by MDHHS contracts, 2 CFR 200 or the required MDHHS Standard Cost Allocation Method.
- Failure to allocate administration in accordance with regulations results in an overallocation of administration to NMRE's Behavioral Health Medicaid programs.
- The financial sustainability of MIChoice after allocation of administration is questionable and puts NLCMH at risk of being unable to fulfill its purpose as a CMHSP.
- **RECOMMENDATION:** NLCMH should divest from the MIChoice Waiver program as soon as possible, while ensuring continuity of service during a planned transition period.

**Integrated Health Clinic (IHC) Concerns/Recommendations:**

- IHCs are not typical programs run by a CMHSP.
- There is no evidence that administrative costs in 2023 had been allocated to the IHC, understating the actual operating cost of the program.
- The IHC is not financially sustainable; after allocation of administration, approximately $250,000 of local funds are required to supplement medical billing and grant revenues.
- **RECOMMENDATION:** NLCMH should divest from the Integrated Health Clinic as soon as possible.

**Chief Executive Officer Report**

**March 2024**

This report is intended to brief the NMRE Board on the CEO's activities since the last Board meeting. The activities outlined are not all inclusive of the CEO's functions and are intended to outline key events attended or accomplished by the CEO.

**Feb 26:** Provided Regional Update to the AVCMHA Board.

**Feb 29:** Attended and participated in NLCMHA Dispute Resolution Board.

**March 4:** Attended and participated in SUD Oversight Committee meeting.

**March 4:** Attended and participated in meeting with Representative Betsy Cofia.

**March 5:** Attended and participated in Grand Traverse Wellness Center and Crisis Team meeting.

**March 5:** Attended and participated in PIHP CEO meeting.

**March 7:** Attended and participated in MDHHS/PIHP CEO meeting.

**March 13:** Attended and participated in NMRE Regional Finance Committee meeting.

**March 18**: Attended and participated in NLCMHA Dispute Resolution Board.

**March 19:** Chaired NMRE Regional Operations Committee meeting.

**March 20:** Attended and participated in NMRE Executive Committee meeting.

**March 21:** Attended and participated in MDHHS Rate Setting meeting.

**March 22:** Plan to attend PIHP Contract Negotiations meeting.

**March 22:** Plan to attend and participate in MDHHS Conflict Free Access and Planning meeting.


# January 2024 Finance Report

# January 2024 Financial Summary

| Funding Source | YTD Net Surplus (Deficit) | Carry Forward | ISF |
|---|---|---|---|
| Medicaid | 3,431,792 | 845,073 | 13,510,136 |
| Healthy Michigan | (1,340,838) | 10,779,098 | 7,066,020 |
| | $ 2,090,954 | $ 11,624,171 | $ 20,576,156 |

| | NMRE MH | NMRE SUD | Northern Lakes | North Country | Northeast | AuSable Valley | Centra Wellness | PIHP Total |
|---|---|---|---|---|---|---|---|---|
| Net Surplus (Deficit) MA/HMP | 1,127,239 | 919,317 | (841,667) | (802,708) | 912,495 | 1,214,624 | (438,346) | $ 2,090,954 |
| Carry Forward | | - | - | - | - | - | - | 11,624,171 |
| Total Med/HMP Current Year Surplus | 1,127,239 | 919,317 | (841,667) | (802,708) | 912,495 | 1,214,624 | (438,346) | $ 13,715,125 |
| Medicaid & HMP Internal Service Fund | | | | | | | | 20,576,156 |
| Total Medicaid & HMP Net Surplus | | | | | | | | $ 34,291,281 |

# Northern Michigan Regional Entity

## Funding Source Report - PIHP

Mental Health

October 1, 2023 through January 31, 2024

| | NMRE MH | NMRE SUD | Northern Lakes | North Country | Northeast | AuSable Valley | Centra Wellness | PIHP Total |
|---|---|---|---|---|---|---|---|---|
| **Traditional Medicaid (inc Autism)** | | | | | | | | |
| **Revenue** | | | | | | | | |
| Revenue Capitation (PEPM) | $ 66,984,301 | $ 2,407,162 | | | | | | $ 69,391,463 |
| CMHSP Distributions | (64,844,342) | | 21,405,001 | 17,420,691 | 10,854,153 | 9,414,994 | 5,749,503 | 0 |
| 1st/3rd Party receipts | | | - | - | - | - | - | - |
| **Net revenue** | 2,139,959 | 2,407,162 | 21,405,001 | 17,420,691 | 10,854,153 | 9,414,994 | 5,749,503 | 69,391,463 |
| **Expense** | | | | | | | | |
| PIHP Admin | 901,281 | 21,539 | | | | | | 922,820 |
| PIHP SUD Admin | | 22,964 | | | | | | 22,964 |
| SUD Access Center | | 10,966 | | | | | | 10,966 |
| Insurance Provider Assessment | 591,517 | 13,675 | | | | | | 605,192 |
| Hospital Rate Adjuster | - | | | | | | | - |
| Services | | 1,503,053 | 21,378,345 | 17,532,328 | 9,979,304 | 8,018,484 | 5,986,215 | 64,397,729 |
| **Total expense** | 1,492,798 | 1,572,197 | 21,378,345 | 17,532,328 | 9,979,304 | 8,018,484 | 5,986,215 | 65,959,671 |
| **Net Actual Surplus (Deficit)** | $ 647,161 | $ 834,965 | $ 26,656 | $ (111,637) | $ 874,849 | $ 1,396,510 | $ (236,712) | $ 3,431,792 |

**Notes**

**Medicaid ISF - $13,510,136 - based on current FSR**

**Medicaid Savings - $845,073**

# Northern Michigan Regional Entity

## Funding Source Report - PIHP

Mental Health
October 1, 2023 through January 31, 2024

| | NMRE MH | NMRE SUD | Northern Lakes | North Country | Northeast | AuSable Valley | Centra Wellness | PIHP Total |
|---|---|---|---|---|---|---|---|---|
| **Healthy Michigan** | | | | | | | | |
| **Revenue** | | | | | | | | |
| Revenue Capitation (PEPM) | $ 5,562,020 | $ 3,947,831 | | | | | | $ 9,509,851 |
| CMHSP Distributions | (4,921,890) | | 1,799,515 | 1,466,461 | 620,090 | 634,061 | 401,764 | - |
| 1st/3rd Party receipts | | | - | - | - | - | - | - |
| **Net revenue** | 640,130 | 3,947,831 | 1,799,515 | 1,466,461 | 620,090 | 634,061 | 401,764 | 9,509,851 |
| **Expense** | | | | | | | | |
| PIHP Admin | 97,833 | 52,934 | | | | | | 150,768 |
| PIHP SUD Admin | | 56,439 | | | | | | 56,439 |
| SUD Access Center | | 26,950 | | | | | | 26,950 |
| Insurance Provider Assessment | 62,219 | 33,197 | | | | | | 95,416 |
| Hospital Rate Adjuster | - | | | | | | | - |
| Services | | 3,693,959 | 2,667,837 | 2,157,532 | 582,444 | 815,948 | 603,397 | 10,521,117 |
| **Total expense** | 160,052 | 3,863,479 | 2,667,837 | 2,157,532 | 582,444 | 815,948 | 603,397 | 10,850,689 |
| **Net Surplus (Deficit)** | $ 480,078 | $ 84,352 | $ (868,322) | $ (691,071) | $ 37,646 | $ (181,887) | $ (201,633) | $ (1,340,838) |

**Notes**
**HMP ISF - $7,066,020 - based on current FSR**
**HMP Savings - $10,779,098**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Net Surplus (Deficit) MA/HMP** | **$ 1,127,239** | **$ 919,317** | **$ (841,667)** | **$ (802,708)** | **$ 912,495** | **$ 1,214,624** | **$ (438,346)** | **$ 2,090,954** |
| **Medicaid/HMP Carry Forward** | | | | | | | | **11,624,171** |
| Total Med/HMP Current Year Surplus | | | | | | | | $ 13,715,125 |
| **Medicaid & HMP ISF - based on current FSR** | | | | | | | | **20,576,156** |
| **Total Medicaid & HMP Net Surplus (Deficit) including Carry Forward and ISF** | | | | | | | | **$ 34,291,281** |

# Northern Michigan Regional Entity

## Funding Source Report - PIHP

Mental Health
October 1, 2023 through January 31, 2024

| | NMRE MH | NMRE SUD | Northern Lakes | North Country | Northeast | AuSable Valley | Centra Wellness | PIHP Total |
|---|---|---|---|---|---|---|---|---|
| **Health Home** | | | | | | | | |
| **Revenue** | | | | | | | | |
| Revenue Capitation (PEPM) | $ 237,029 | | 206,370 | 126,700 | 87,392 | 86,339 | 183,909 | $ 927,739 |
| CMHSP Distributions | - | | | | | | | - |
| 1st/3rd Party receipts | | | | | | | | - |
| **Net revenue** | 237,029 | - | 206,370 | 126,700 | 87,392 | 86,339 | 183,909 | 927,739 |
| **Expense** | | | | | | | | |
| PIHP Admin | 11,120 | | | | | | | 11,120 |
| BHH Admin | 11,282 | | | | | | | 11,282 |
| Insurance Provider Assessment | - | | | | | | | - |
| Hospital Rate Adjuster | | | | | | | | |
| Services | 85,284 | | 206,370 | 126,700 | 87,392 | 86,339 | 183,909 | 775,994 |
| **Total expense** | 107,686 | - | 206,370 | 126,700 | 87,392 | 86,339 | 183,909 | 798,396 |
| **Net Surplus (Deficit)** | $ 129,343 | $ - | $ - | $ - | $ - | $ - | $ - | $ 129,343 |

# Northern Michigan Regional Entity

## Funding Source Report - SUD

Mental Health

October 1, 2023 through January 31, 2024

| | Medicaid | Healthy Michigan | Opioid Health Home | SAPT Block Grant | PA2 Liquor Tax | Total SUD |
|---|---|---|---|---|---|---|
| **Substance Abuse Prevention & Treatment** | | | | | | |
| **Revenue** | $ 2,407,162 | $ 3,947,831 | $ 1,285,521 | $ 1,930,988 | $ 444,356 | $ 10,015,858 |
| **Expense** | | | | | | |
| Administration | 44,503 | 109,373 | 28,836 | 88,994 | | 271,707 |
| OHH Admin | | | 27,005 | - | | 27,005 |
| Access Center | 10,966 | 26,950 | - | 8,488 | | 46,404 |
| Insurance Provider Assessment | 13,675 | 33,197 | - | | | 46,872 |
| Services: | | | | | | |
| Treatment | 1,503,053 | 3,693,959 | 973,918 | 1,163,347 | 444,356 | 7,778,633 |
| Prevention | - | - | - | 445,512 | - | 445,512 |
| ARPA Grant | - | - | - | 224,647 | - | 224,647 |
| **Total expense** | 1,572,197 | 3,863,479 | 1,029,759 | 1,930,988 | 444,356 | 8,840,780 |
| **PA2 Redirect** | | | - | (0) | 0 | - |
| **Net Surplus (Deficit)** | $ 834,965 | $ 84,352 | $ 255,762 | $ - | $ 0 | $ 1,175,078 |

## Northern Michigan Regional Entity

### Statement of Activities and Proprietary Funds Statement of

Revenues, Expenses, and Unspent Funds
October 1, 2023 through January 31, 2024

| | PIHP MH | PIHP SUD | PIHP ISF | Total PIHP |
|---|---|---|---|---|
| **Operating revenue** | | | | |
| Medicaid | $ 66,984,301 | $ 2,407,162 | $ - | $ 69,391,463 |
| Medicaid Savings | 845,073 | - | - | 845,073 |
| Healthy Michigan | 5,562,020 | 3,947,831 | - | 9,509,851 |
| Healthy Michigan Savings | 10,779,098 | - | - | 10,779,098 |
| Health Home | 927,739 | - | - | 927,739 |
| Opioid Health Home | - | 1,285,521 | - | 1,285,521 |
| Substance Use Disorder Block Grant | - | 1,930,988 | - | 1,930,988 |
| Public Act 2 (Liquor tax) | - | 444,358 | - | 444,358 |
| Affiliate local drawdown | 148,704 | - | - | 148,704 |
| Performance Incentive Bonus | - | - | - | - |
| Miscellanous Grant Revenue | - | 1,334 | - | 1,334 |
| Veteran Navigator Grant | 25,576 | - | - | 25,576 |
| SOR Grant Revenue | - | 617,916 | - | 617,916 |
| Gambling Grant Revenue | - | - | - | - |
| Other Revenue | 35 | - | 2,762 | 2,797 |
| **Total operating revenue** | 85,272,546 | 10,635,110 | 2,762 | 95,910,418 |
| **Operating expenses** | | | | |
| General Administration | 1,128,208 | 200,137 | - | 1,328,345 |
| Prevention Administration | - | 38,979 | - | 38,979 |
| OHH Administration | - | 27,005 | - | 27,005 |
| BHH Administration | 11,282 | - | - | 11,282 |
| Insurance Provider Assessment | 653,736 | 46,872 | - | 700,608 |
| Hospital Rate Adjuster | - | - | - | - |
| Payments to Affiliates: | | | | |
| Medicaid Services | 63,091,592 | 1,503,053 | - | 64,594,645 |
| Healthy Michigan Services | 6,827,158 | 3,693,959 | - | 10,521,117 |
| Health Home Services | 775,994 | - | - | 775,994 |
| Opioid Health Home Services | - | 973,918 | - | 973,918 |
| Community Grant | - | 1,163,347 | - | 1,163,347 |
| Prevention | - | 406,533 | - | 406,533 |
| State Disability Assistance | - | - | - | - |
| ARPA Grant | - | 224,647 | - | 224,647 |
| Public Act 2 (Liquor tax) | - | 444,356 | - | 444,356 |
| Local PBIP | - | - | - | - |
| Local Match Drawdown | 148,704 | - | - | 148,704 |
| Miscellanous Grant | - | 1,334 | - | 1,334 |
| Veteran Navigator Grant | 25,576 | - | - | 25,576 |
| SOR Grant Expenses | - | 617,916 | - | 617,916 |
| Gambling Grant Expenses | - | - | - | - |
| **Total operating expenses** | 72,662,250 | 9,342,056 | - | 82,004,306 |
| **CY Unspent funds** | 12,610,296 | 1,293,054 | 2,762 | 13,906,112 |
| **Transfers In** | - | - | - | - |
| **Transfers out** | - | - | - | - |
| Unspent funds - beginning | 4,843,256 | 7,634,855 | 16,376,625 | 28,854,736 |
| **Unspent funds - ending** | $ 17,453,552 | $ 8,927,909 | $ 16,379,387 | $ 42,760,848 |

# Northern Michigan Regional Entity

## Statement of Net Position

January 31, 2024

| | PIHP MH | PIHP SUD | PIHP ISF | Total PIHP |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current Assets** | | | | |
| Cash Position | $ 51,937,212 | $ 7,593,938 | $ 16,379,387 | $ 75,910,537 |
| Accounts Receivable | 6,934,912 | 3,218,326 | - | 10,153,238 |
| Prepaids | 57,703 | - | - | 57,703 |
| **Total current assets** | 58,929,827 | 10,812,264 | 16,379,387 | 86,121,478 |
| **Noncurrent Assets** | | | | |
| Capital assets | 9,615 | - | - | 9,615 |
| **Total Assets** | 58,939,442 | 10,812,264 | 16,379,387 | 86,131,093 |
| **Liabilities** | | | | |
| **Current liabilities** | | | | |
| Accounts payable | 41,203,023 | 1,884,355 | - | 43,087,378 |
| Accrued liabilities | 282,833 | - | - | 282,833 |
| Unearned revenue | 34 | - | - | 34 |
| **Total current liabilities** | 41,485,890 | 1,884,355 | - | 43,370,245 |
| **Unspent funds** | $ 17,453,552 | $ 8,927,909 | $ 16,379,387 | $ 42,760,848 |

# Northern Michigan Regional Entity

## Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds

Budget to Actual - Mental Health
October 1, 2023 through January 31, 2024

| | Total Budget | YTD Budget | YTD Actual | Variance Favorable (Unfavorable) | Percent Favorable (Unfavorable) |
|---|---|---|---|---|---|
| **Operating revenue** | | | | | |
| Medicaid | | | | | |
| * Capitation | $ 187,752,708 | $ 62,584,236 | $ 66,984,301 | $ 4,400,065 | 7.03% |
| Carryover | 11,400,000 | - | 845,073 | 845,073 | - |
| Healthy Michigan | | | | | |
| Capitation | 19,683,372 | 6,561,124 | 5,562,020 | (999,104) | (15.23%) |
| Carryover | 5,100,000 | - | 10,779,098 | 10,779,098 | 0.00% |
| Health Home | 1,451,268 | 483,756 | 927,739 | 443,983 | 91.78% |
| Affiliate local drawdown | 594,816 | 148,704 | 148,704 | - | 0.00% |
| Performance Bonus Incentive | 1,334,531 | - | - | - | 0.00% |
| Miscellanous Grants | - | - | - | - | 0.00% |
| Veteran Navigator Grant | 110,000 | 36,668 | 25,576 | (11,092) | (30.25%) |
| Other Revenue | - | - | 35 | 35 | 0.00% |
| Total operating revenue | 227,426,695 | 69,814,488 | 85,272,546 | 15,458,058 | 22.14% |
| **Operating expenses** | | | | | |
| General Administration | 3,591,836 | 1,190,752 | 1,128,208 | 62,544 | 5.25% |
| BHH Administration | - | - | 11,282 | (11,282) | 0.00% |
| Insurance Provider Assessment | 1,897,524 | 632,508 | 653,736 | (21,228) | (3.36%) |
| Hospital Rate Adjuster | 4,571,328 | 1,523,776 | - | 1,523,776 | 100.00% |
| Local PBIP | 1,737,753 | - | - | - | 0.00% |
| Local Match Drawdown | 594,816 | 148,704 | 148,704 | - | 0.00% |
| Miscellanous Grants | - | - | - | - | 0.00% |
| Veteran Navigator Grant | 110,004 | 30,572 | 25,576 | 4,996 | 16.34% |
| Payments to Affiliates: | | | | | |
| Medicaid Services | 176,618,616 | 58,872,872 | 63,091,592 | (4,218,720) | (7.17%) |
| Healthy Michigan Services | 17,639,940 | 5,879,980 | 6,827,158 | (947,178) | (16.11%) |
| Health Home Services | 1,415,196 | 471,732 | 775,994 | (304,262) | (64.50%) |
| Total operating expenses | 208,177,013 | 68,750,896 | 72,662,250 | (3,911,354) | (5.69%) |
| **CY Unspent funds** | $ 19,249,682 | $ 1,063,592 | 12,610,296 | $ 11,546,704 | |
| **Transfers in** | | | - | | |
| **Transfers out** | | | - | 72,662,250 | |
| Unspent funds - beginning | | | 4,843,256 | | |
| **Unspent funds - ending** | | | $ 17,453,552 | 12,610,296 | |

# Northern Michigan Regional Entity

## Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds

Budget to Actual - Substance Abuse
October 1, 2023 through January 31, 2024

| | Total Budget | YTD Budget | YTD Actual | Variance Favorable (Unfavorable) | Percent Favorable (Unfavorable) |
|---|---|---|---|---|---|
| **Operating revenue** | | | | | |
| Medicaid | $ 4,678,632 | $ 1,559,544 | $ 2,407,162 | $ 847,618 | 54.35% |
| Healthy Michigan | 11,196,408 | 3,732,136 | 3,947,831 | 215,695 | 5.78% |
| Substance Use Disorder Block Grant | 6,467,905 | 2,155,966 | 1,930,988 | (224,978) | (10.44%) |
| Opioid Health Home | 3,419,928 | 1,139,976 | 1,285,521 | 145,545 | 12.77% |
| Public Act 2 (Liquor tax) | 1,533,979 | - | 444,358 | 444,358 | 0.00% |
| Miscellanous Grants | 4,000 | 1,333 | 1,334 | 1 | 0.05% |
| SOR Grant | 2,043,984 | 681,328 | 617,916 | (63,412) | (9.31%) |
| Gambling Prevention Grant | 200,000 | 66,667 | - | (66,667) | (100.00%) |
| Other Revenue | - | - | - | - | 0.00% |
| Total operating revenue | 29,544,836 | 9,336,950 | 10,635,110 | 1,298,160 | 13.90% |
| **Operating expenses** | | | | | |
| Substance Use Disorder: | | | | | |
| SUD Administration | 1,082,576 | 340,860 | 200,137 | 140,723 | 41.28% |
| Prevention Administration | 118,428 | 39,476 | 38,979 | 497 | 1.26% |
| Insurance Provider Assessment | 113,604 | 37,868 | 46,872 | (9,004) | (23.78%) |
| Medicaid Services | 3,931,560 | 1,310,520 | 1,503,053 | (192,533) | (14.69%) |
| Healthy Michigan Services | 10,226,004 | 3,408,668 | 3,693,959 | (285,291) | (8.37%) |
| Community Grant | 2,074,248 | 691,416 | 1,163,347 | (471,931) | (68.26%) |
| Prevention | 634,056 | 211,352 | 406,533 | (195,181) | (92.35%) |
| State Disability Assistance | 95,215 | 31,743 | - | 31,743 | 100.00% |
| ARPA Grant | - | - | 224,647 | (224,647) | 0.00% |
| Opioid Health Home Admin | - | - | 27,005 | (27,005) | 0.00% |
| Opioid Health Home Services | 3,165,000 | 1,055,000 | 973,918 | 81,082 | 7.69% |
| Miscellanous Grants | 4,000 | 1,333 | 1,334 | (1) | (0.05%) |
| SOR Grant | 2,043,984 | 681,328 | 617,916 | 63,412 | 9.31% |
| Gambling Prevention | 200,000 | 66,667 | - | 66,667 | 100.00% |
| PA2 | 1,533,978 | - | 444,356 | (444,356) | 0.00% |
| Total operating expenses | 25,222,653 | 7,876,231 | 9,342,056 | (1,465,825) | (18.61%) |
| **CY Unspent funds** | $ 4,322,183 | $ 1,460,719 | 1,293,054 | $ (167,665) | |
| Transfers in | | | - | | |
| Transfers out | | | - | | |
| Unspent funds - beginning | | | 7,634,855 | | |
| **Unspent funds - ending** | | | $ 8,927,909 | | |

# Northern Michigan Regional Entity

## Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds

Budget to Actual - Mental Health Administration
October 1, 2023 through January 31, 2024

| | Total Budget | YTD Budget | YTD Actual | Variance Favorable (Unfavorable) | Percent Favorable (Unfavorable) |
|---|---|---|---|---|---|
| **General Admin** | | | | | |
| Salaries | $ 1,921,812 | $ 640,604 | $ 611,096 | $ 29,508 | 4.61% |
| Fringes | 666,212 | 211,208 | 196,917 | 14,291 | 6.77% |
| Contractual | 683,308 | 227,772 | 182,245 | 45,527 | 19.99% |
| Board expenses | 18,000 | 6,000 | 5,790 | 210 | 3.50% |
| Day of recovery | 14,000 | 9,000 | - | 9,000 | 100.00% |
| Facilities | 152,700 | 50,900 | 47,959 | 2,941 | 5.78% |
| Other | 135,804 | 45,268 | 84,201 | (38,933) | (86.01%) |
| Total General Admin | $ 3,591,836 | $ 1,190,752 | $ 1,128,208 | $ 62,544 | 5.25% |

# Northern Michigan Regional Entity

## Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds

Budget to Actual - Substance Abuse Administration
October 1, 2023 through January 31, 2024

| | Total Budget | YTD Budget | YTD Actual | Variance Favorable (Unfavorable) | Percent Favorable (Unfavorable) |
|---|---|---|---|---|---|
| **SUD Administration** | | | | | |
| Salaries | $ 502,752 | $ 167,584 | $ 89,631 | $ 77,953 | 46.52% |
| Fringes | 145,464 | 48,488 | 18,481 | 30,007 | 61.89% |
| Access Salaries | 220,620 | 73,540 | 34,156 | 39,384 | 53.55% |
| Access Fringes | 67,140 | 22,380 | 12,248 | 10,132 | 45.27% |
| Access Contractual | - | - | - | - | 0.00% |
| Contractual | 129,000 | 25,000 | 34,765 | (9,765) | (39.06%) |
| Board expenses | 5,000 | 1,668 | 2,005 | (337) | (20.20%) |
| Day of Recover | - | - | - | - | 0.00% |
| Facilities | - | - | - | - | 0.00% |
| Other | 12,600 | 2,200 | 8,851 | (6,651) | (302.32%) |
| Total operating expenses | $ 1,082,576 | $ 340,860 | $ 200,137 | $ 140,723 | 41.28% |

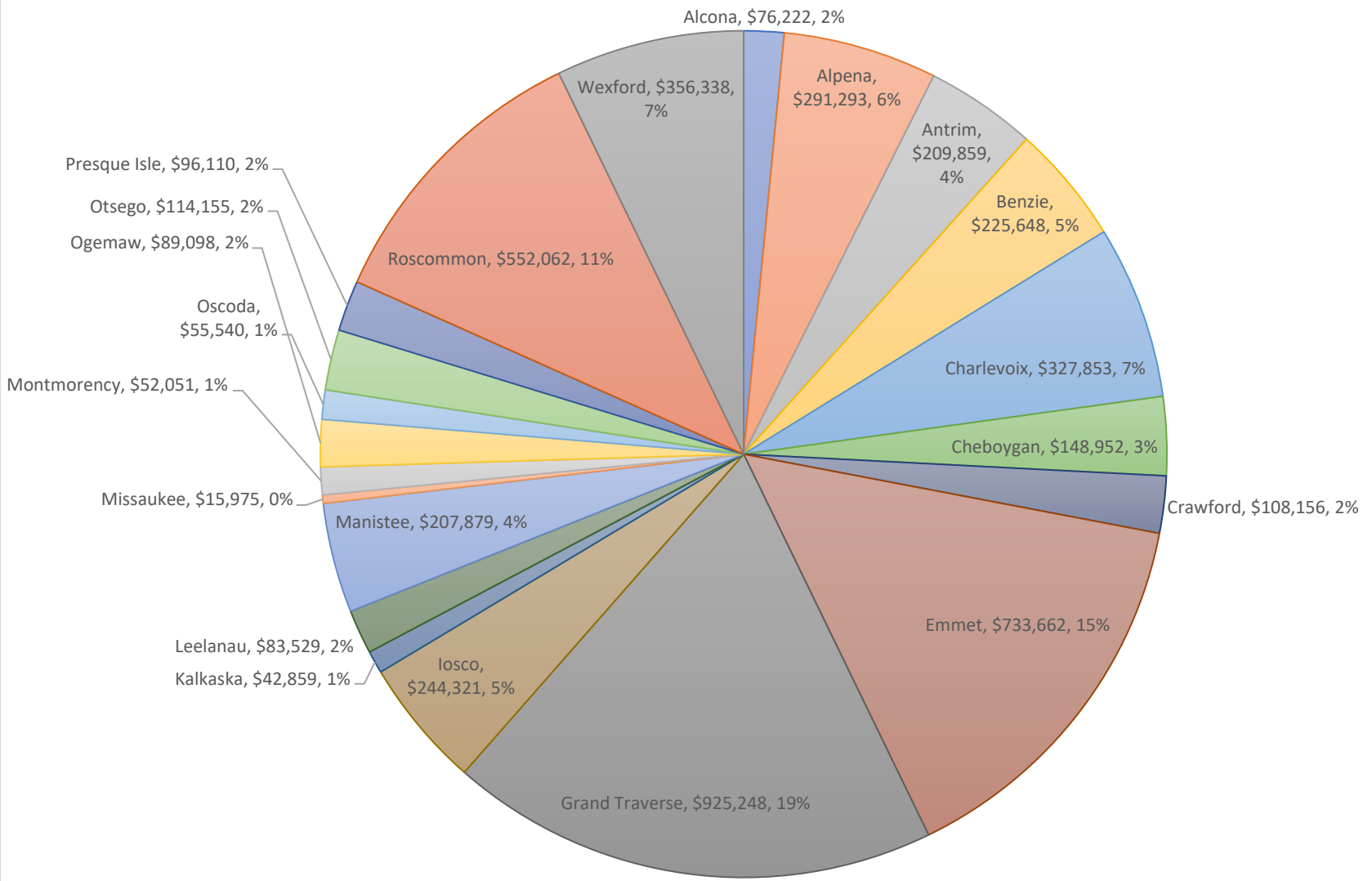
## Northern Michigan Regional Entity

### Schedule of PA2 by County

October 1, 2023 through January 31, 2024

| | Projected FY24 Activity | | | | Actual FY24 Activity | | | |
|---|---|---|---|---|---|---|---|---|
| | Beginning Balance | FY24 Projected Revenue | FY24 Approved Projects | Projected Ending Balance | Current Receipts | County Specific Projects | Region Wide Projects by Population | Ending Balance |
| County | | | | | | Actual Expenditures by County | | |
| Alcona | $ 79,250 | $ 23,184 | $ 47,690 | $ 54,744 | $ 2,251 | 4,564 | $ 715 | $ 76,222 |
| Alpena | 302,452 | 80,118 | 115,089 | 267,482 | 7,946 | 17,141 | 1,965 | 291,293 |
| Antrim | 212,068 | 66,004 | 72,490 | 205,582 | 6,986 | 7,587 | 1,608 | 209,859 |
| Benzie | 224,046 | 59,078 | 21,930 | 261,194 | 6,262 | 3,447 | 1,213 | 225,648 |
| Charlevoix | 336,031 | 101,224 | 272,367 | 164,889 | 10,463 | 16,837 | 1,805 | 327,853 |
| Cheboygan | 163,153 | 84,123 | 141,260 | 106,016 | 8,363 | 20,814 | 1,751 | 148,952 |
| Crawford | 107,533 | 36,525 | 20,706 | 123,352 | 3,541 | 1,958 | 960 | 108,156 |
| Emmet | 771,608 | 181,672 | 478,053 | 475,227 | 17,893 | 53,548 | 2,291 | 733,662 |
| Grand Traverse | 1,035,890 | 440,668 | 524,017 | 952,541 | 45,396 | 149,700 | 6,338 | 925,248 |
| Iosco | 253,083 | 83,616 | 190,357 | 146,341 | 8,247 | 15,272 | 1,737 | 244,321 |
| Kalkaska | 42,471 | 41,470 | 34,179 | 49,762 | 4,088 | 2,483 | 1,217 | 42,859 |
| Leelanau | 86,055 | 62,190 | 51,029 | 97,215 | 6,241 | 7,271 | 1,495 | 83,529 |
| Manistee | 204,938 | 83,138 | 24,985 | 263,090 | 8,067 | 3,440 | 1,686 | 207,879 |
| Missaukee | 17,521 | 21,128 | 5,832 | 32,818 | 2,186 | 2,697 | 1,035 | 15,975 |
| Montmorency | 51,302 | 31,822 | 21,810 | 61,313 | 2,965 | 1,577 | 639 | 52,051 |
| Ogemaw | 96,797 | 74,251 | 96,041 | 75,006 | 6,728 | 12,979 | 1,448 | 89,098 |
| Oscoda | 55,406 | 20,578 | 38,064 | 37,920 | 2,119 | 1,413 | 572 | 55,540 |
| Otsego | 125,550 | 96,172 | 101,106 | 120,616 | 10,276 | 19,977 | 1,694 | 114,155 |
| Presque Isle | 96,731 | 25,177 | 85,120 | 36,788 | 2,443 | 2,181 | 883 | 96,110 |
| Roscommon | 559,806 | 82,157 | 87,287 | 554,676 | 8,540 | 14,634 | 1,650 | 552,062 |
| Wexford | 398,819 | 100,198 | 166,138 | 332,880 | 9,653 | 49,836 | 2,297 | 356,338 |
| | 5,220,509 | 1,794,492 | 2,595,550 | 4,419,450 | 180,653 | 409,356 | 35,000 | 4,956,807 |
| PA2 Redirect | | | | | | | | - |
| | | | | | | | | 4,956,807 |

# PA2 FUND BALANCES BY COUNTY



# Northern Michigan Regional Entity

## Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds

Budget to Actual - ISF

October 1, 2023 through January 31, 2024

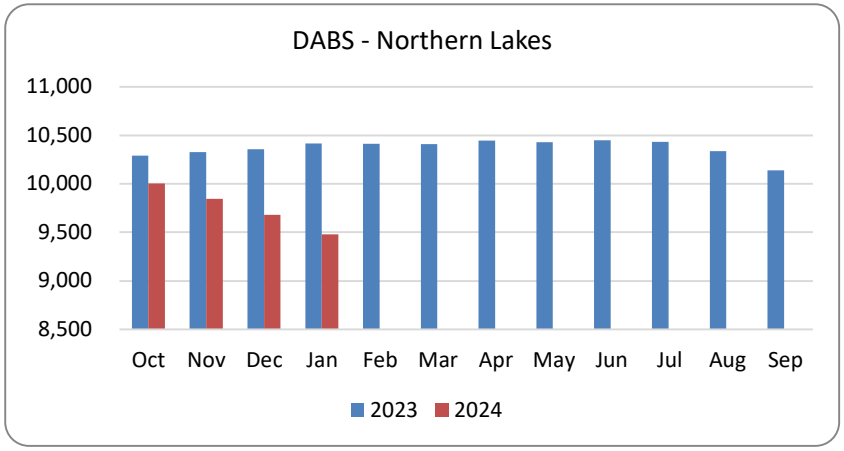
| | Total Budget | YTD Budget | YTD Actual | Variance Favorable (Unfavorable) | Percent Favorable (Unfavorable) |
|---|---|---|---|---|---|
| **Operating revenue** | | | | | |
| Charges for services | $ - | $ - | $ - | $ - | 0.00% |
| Interest and Dividends | 7,500 | 2,500 | 2,762 | 262 | 10.48% |
| Total operating revenue | 7,500 | 2,500 | 2,762 | 262 | 10.48% |
| **Operating expenses** | | | | | |
| Medicaid Services | - | - | - | - | 0.00% |
| Healthy Michigan Services | - | - | - | - | 0.00% |
| Total operating expenses | - | - | - | - | 0.00% |
| **CY Unspent funds** | $ 7,500 | $ 2,500 | 2,762 | $ 262 | |
| Transfers in | | | - | | |
| Transfers out | | | - | - | |
| Unspent funds - beginning | | | 16,376,625 | | |
| **Unspent funds - ending** | | | $ 16,379,387 | | |

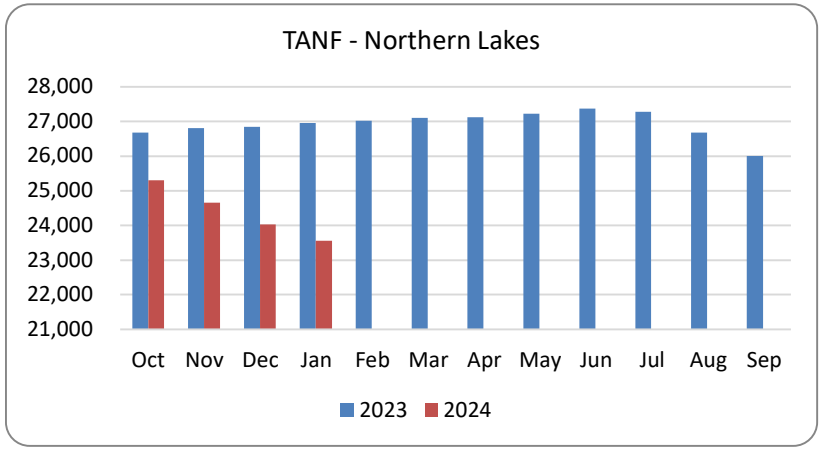
# Northern Michigan Regional Entity

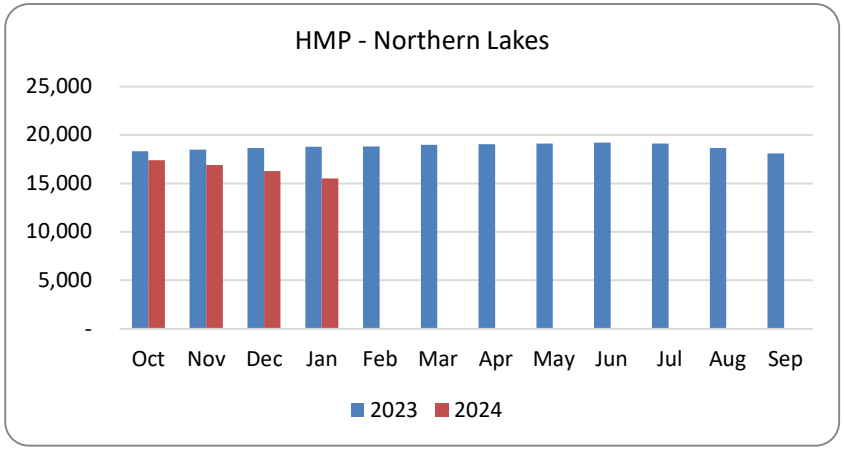
## Narrative

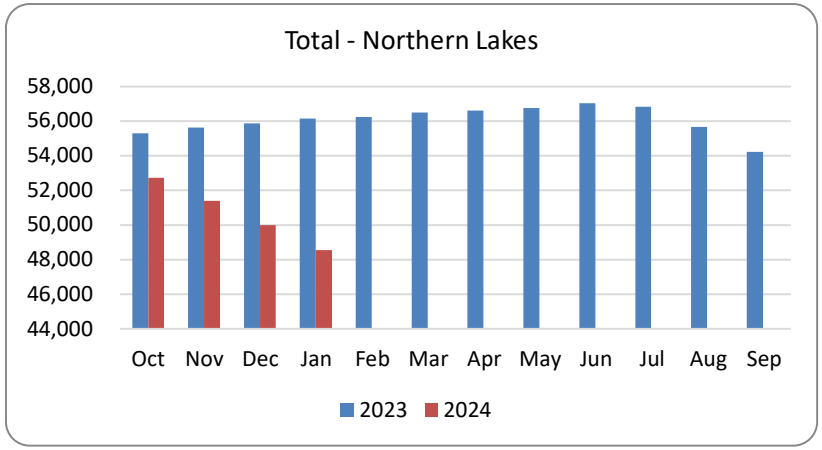
October 1, 2023 through January 31, 2024

## Northern Lakes Eligible Members Trending - based on payment files



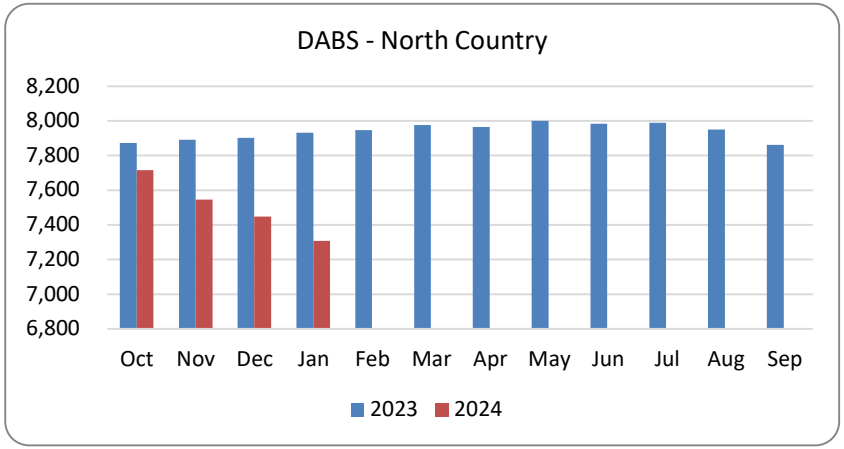



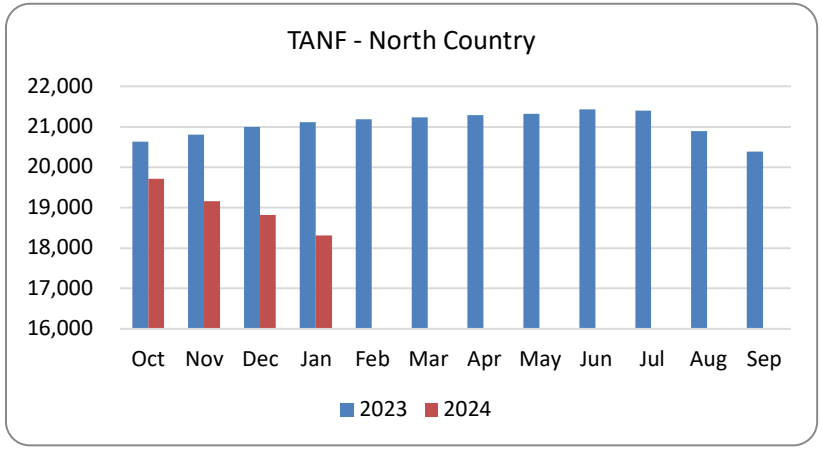
# Northern Michigan Regional Entity

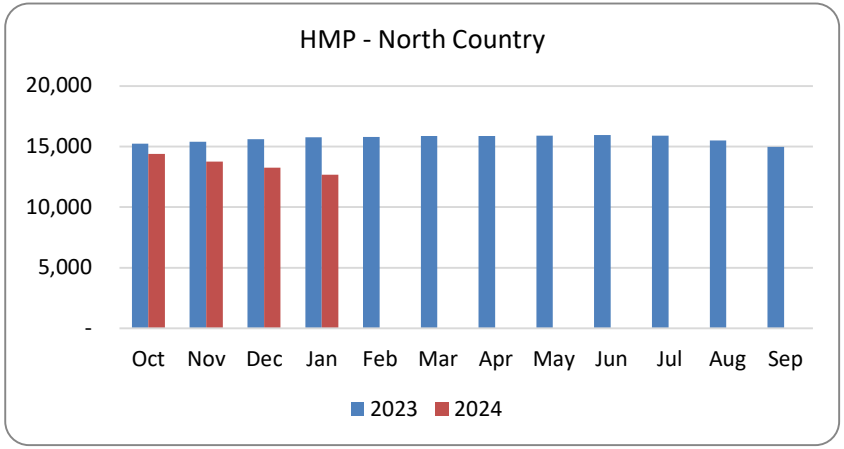
## Narrative

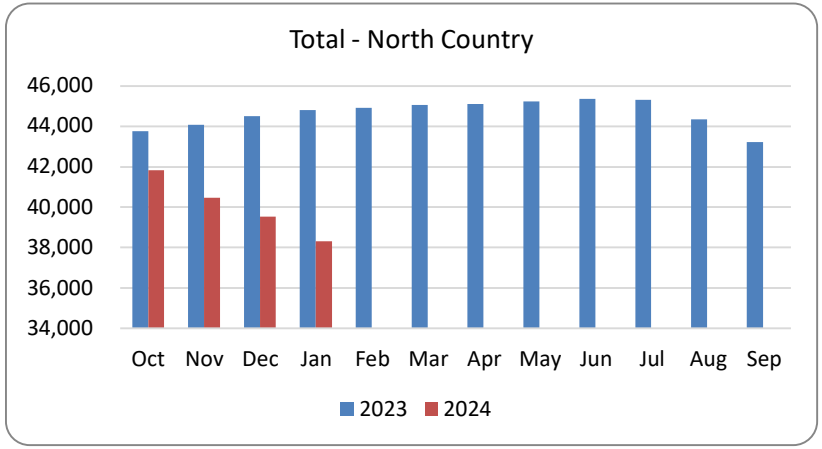
October 1, 2023 through January 31, 2024

## North Country Eligible Members Trending - based on payment files



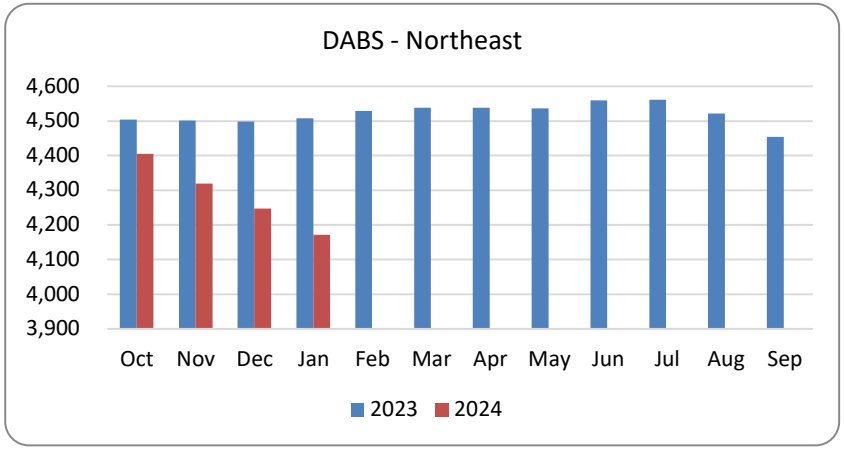



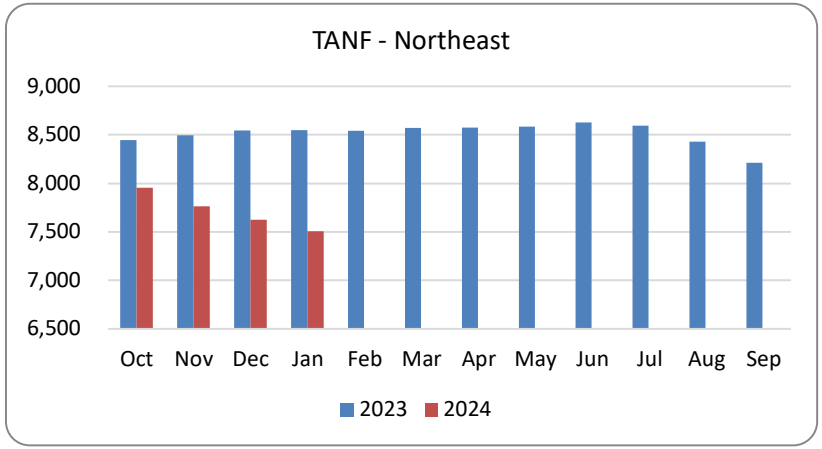
# Northern Michigan Regional Entity

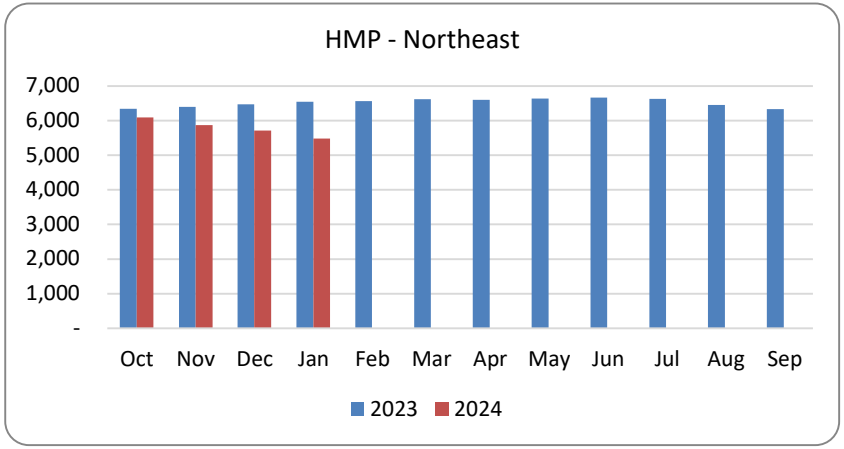
## Narrative

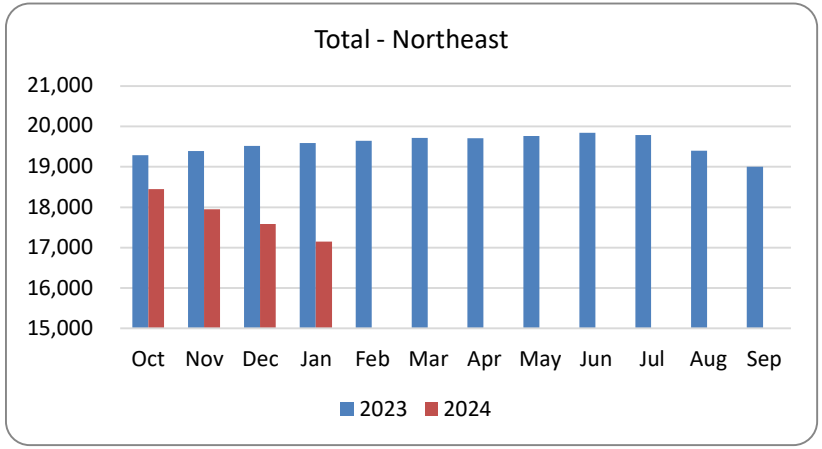
October 1, 2023 through January 31, 2024

## Northeast Eligible Members Trending - based on payment files



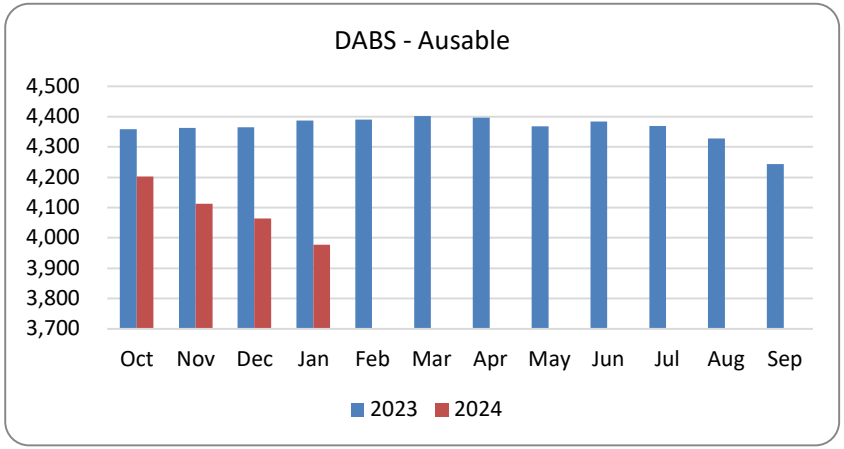



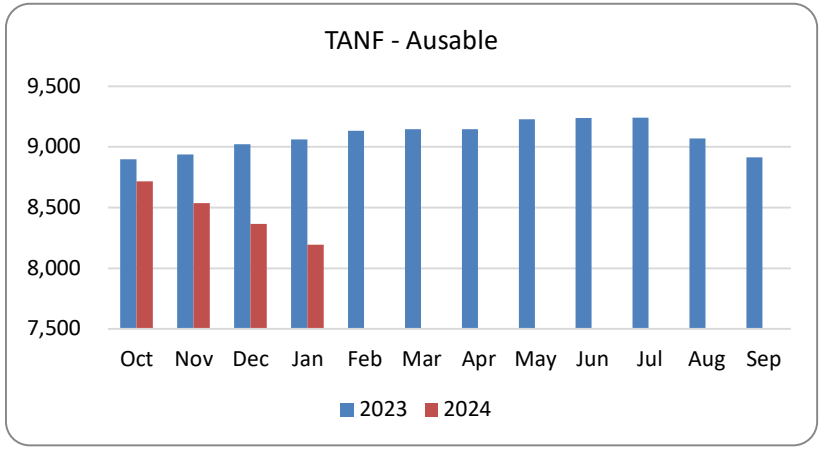
# Northern Michigan Regional Entity

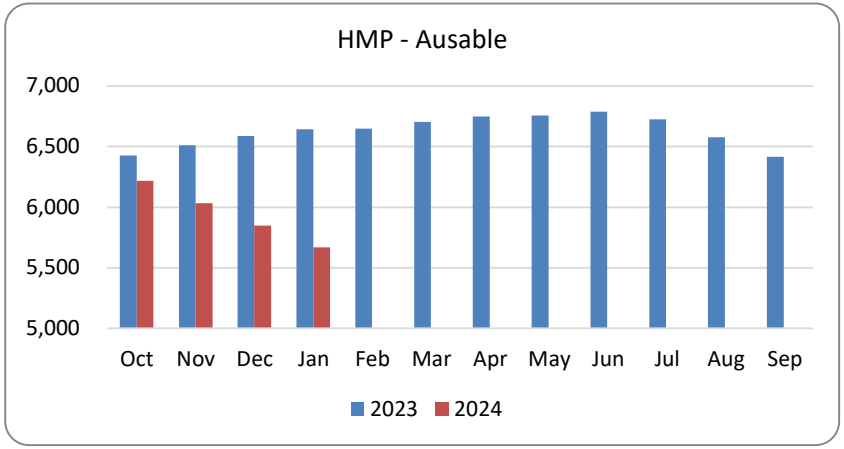
## Narrative

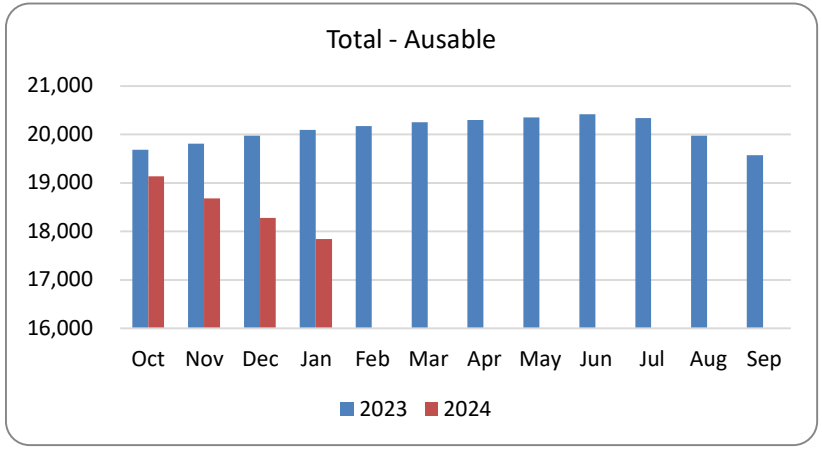
October 1, 2023 through January 31, 2024

## Ausable Valley Eligible Members Trending - based on payment files



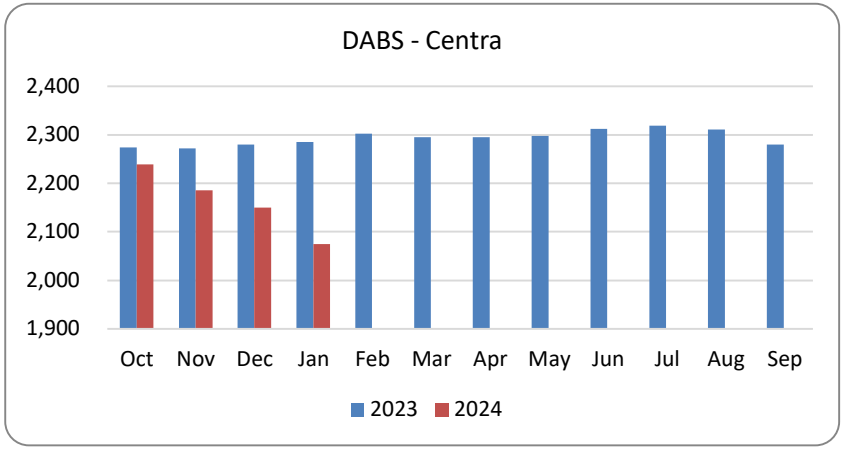



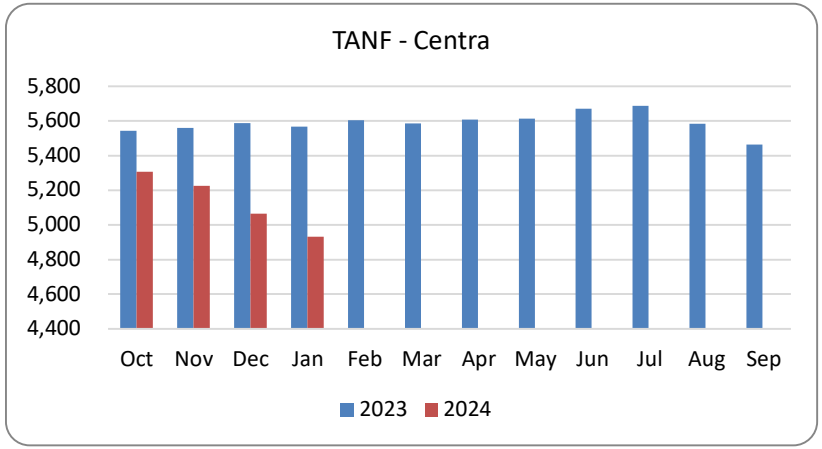
# Northern Michigan Regional Entity

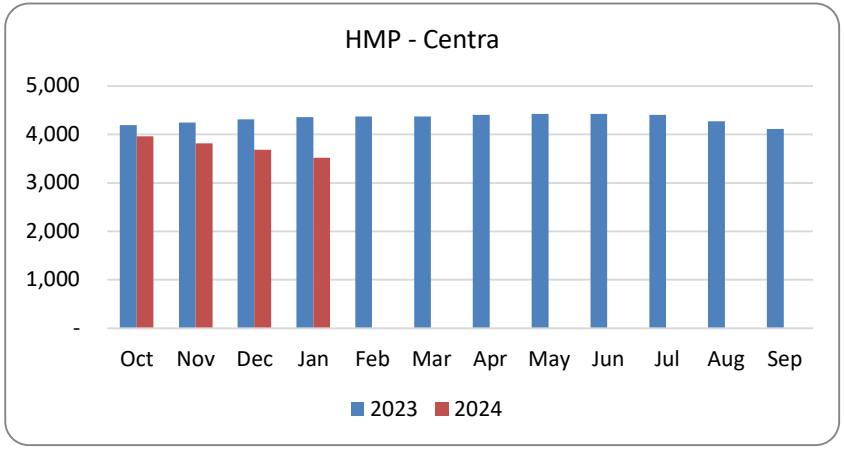
## Narrative

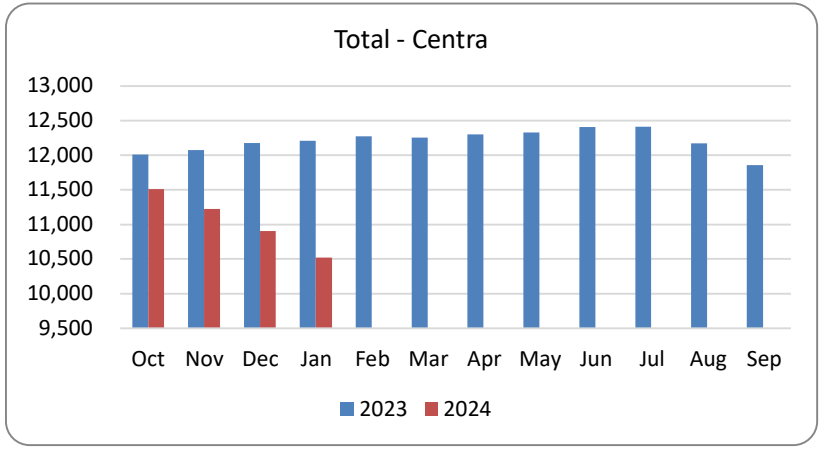
October 1, 2023 through January 31, 2024

## Centra Wellness Eligible Members Trending - based on payment files



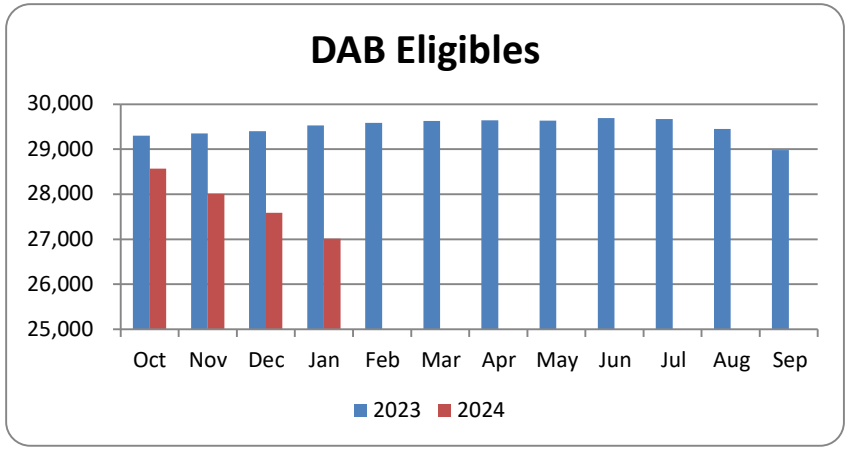



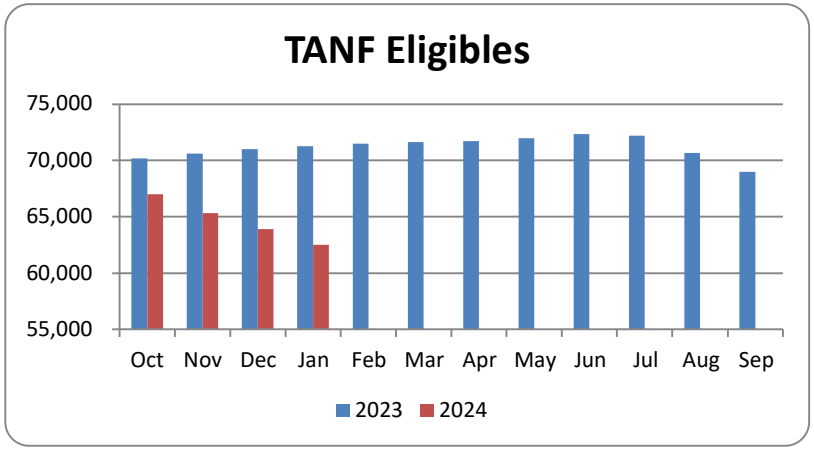
## Northern Michigan Regional Entity

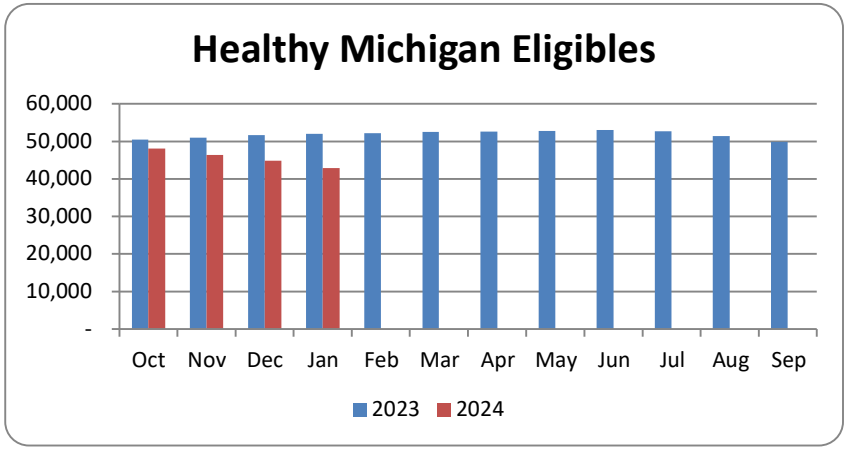
### Narrative

October 1, 2023 through January 31, 2024

### Regional Eligible Trending



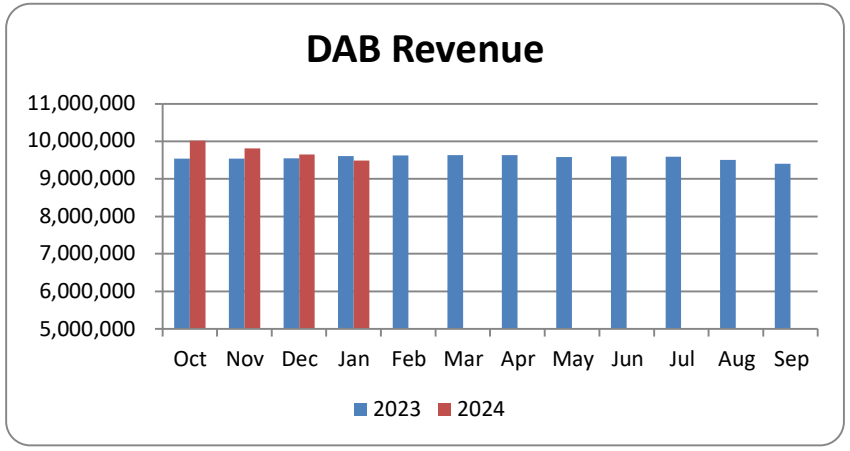



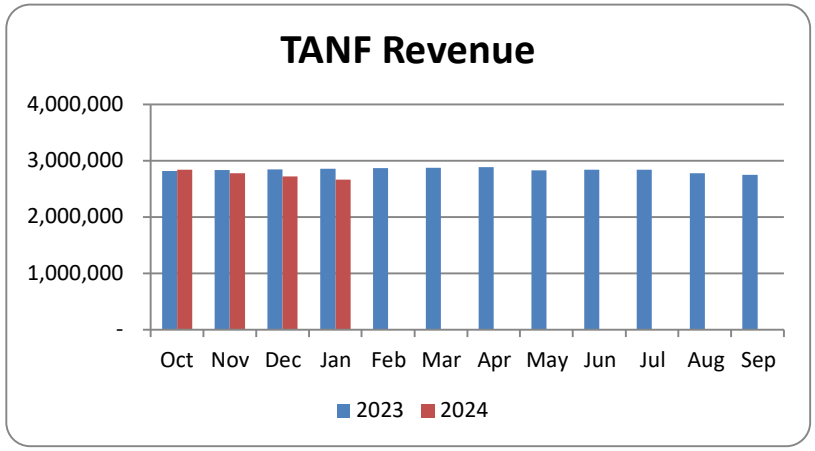
## Northern Michigan Regional Entity

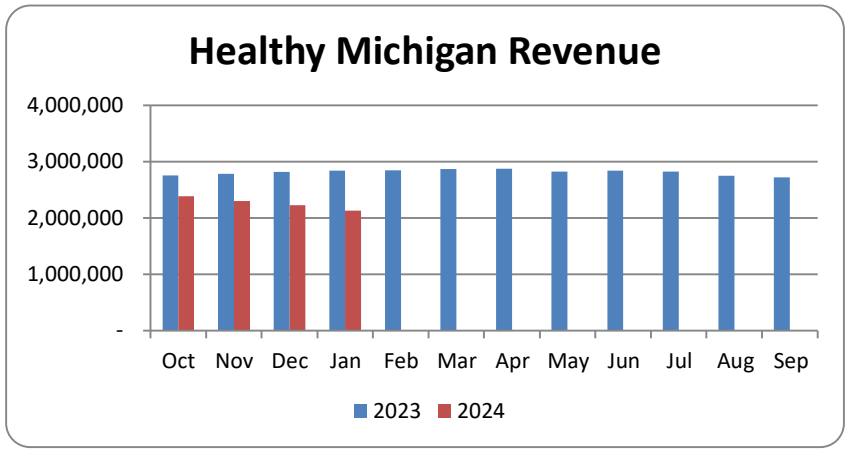
### Narrative

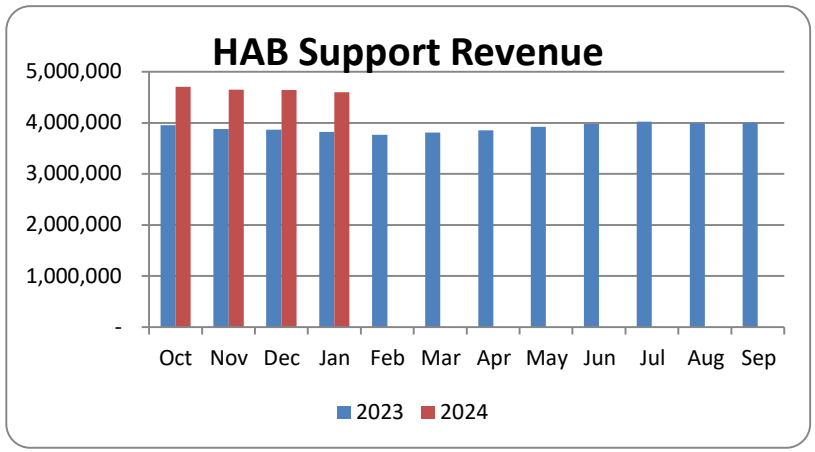
October 1, 2023 through January 31, 2024

### Regional Revenue Trending



**NORTHERN MICHIGAN REGIONAL ENTITY**
**OPERATIONS COMMITTEE MEETING**
**9:30AM – MARCH 19, 2024**
**GAYLORD CONFERENCE ROOM**

| **ATTENDEES:** | **Brian Babbitt, Chip Johnston, Eric Kurtz, Diane Pelts, Nena Sork, Carol Balousek** |
|---|---|

REVIEW OF AGENDA AND ADDITIONS

Mr. Johnston requested a discussion about rural issues under the CCBHC agenda item. Mr. Kurtz added NMRE Executive Committee Meeting to the agenda.

APPROVAL OF PREVIOUS MINUTES

The minutes from February 20th were included in the meeting materials.

**MOTION BY DIANE PELTS TO APPROVE THE FEBRUARY 20, 2024 MINUTES OF THE NORTHERN MICHIGAN REGIONAL ENTITY OPERATIONS COMMITTEE; SUPPORT BY BRIAN BABBITT. MOTION CARRIED.**

FINANCE COMMITTEE AND RELATED

**January 2024**

- Net Position showed net surplus Medicaid and HMP of $2,090,954. Carry forward was reported as $11,624,171. The total Medicaid and HMP Current Year Surplus was reported as $13,715,125. The total Medicaid and HMP Internal Service Fund was reported as $20,576,156. The total Medicaid and HMP net surplus was reported as $34,291,281.
- Traditional Medicaid showed $69,391,463 in revenue, and $65,959,671 in expenses, resulting in a net surplus of $3,431,792. Medicaid ISF was reported as $13,510,136 based on the current FSR. Medicaid Savings was reported as $845,073.
- Healthy Michigan Plan showed $9,509,821 in revenue, and $10,850,689 in expenses, resulting in a net deficit of $1,340,838. HMP ISF was reported as $7,066,020 based on the current FSR. HMP savings was reported as $10,779,098.
- Health Home showed $927,739 in revenue, and $798,396 in expenses, resulting in a net surplus of $129,343.
- SUD showed all funding source revenue of $10,015,858 and $8,840,780 in expenses, resulting in a net surplus of $1,175,078. Total PA2 funds were reported as $4,956,807.

Mr. Johnston clarified that Centra Wellness' deficit is due in part to autism services and costly inpatient and residential placements. Centra Wellness is making efforts to assure the average lengths of stay is closer to the historical norm of 7-8 days. All the Boards have restricted discretionary spending.

NMRE Chief Financial Officer, Deanna Yockey joined the meeting to explain how the carry forward is calculated.

**MOTION BY BRIAN BABBITT TO RECOMMEND APPROVAL OF THE NORTHERN MICHIGAN REGIONAL ENTITY MONTHLY FINANCIAL REPORT FOR JANUARY 2024; SUPPORT BY CHIP JOHNSTON. MOTION APPROVED.**

**FY24 Revenue**

Mr. Kurts discussed a summary of PIHP CFO's That looked at FY23 actual and current trends that factor in the decline in Medicaid and Healthy Michigan enrollees due to redeterminations, The total projected FY24 deficit for all 10 PIHPs for FY24 was presented as ($117,372,866).

The projected FY24 deficit for the NMRE was presented as ($1,897,848) the actual NMRE deficit for FY23 was reported as ($557,453). This represents a deficit change of 240% from FY23 to FY24. Mr. Kurtz did indicate that there was a PIHP/MDHHS rate setting meeting on the 21st that would hopefully address some of these issues. A rate increase is expected in April to offset the deficit and account for direct care wage overtime costs.

BOARD ADDITIONAL FUNDING RESOLUTION

Per request of the NMRE Board in February, resolution language to establish the regional entity's position regarding rural community behavioral health service delivery in Michigan's Prepaid Health Plan Region 2 was drafted and included in the meeting materials. The decision was made to move the resolution forward to the NMRE Board of Directors.

DHIP

The DHHS Incentive Payment (DHIP) was discussed during the regional Finance Committee meeting on March 13th. Reporting instructions were distributed by the Department on March 18th. Both the report and the PIHP narrative may be submitted by April 30th to: MDHHS-BCCHPS-Reporting@michigan.gov

ALPINE CRU AND RESPITE

North Shores Center Crisis Residential Unit (CRU) in Oscoda is sometimes used for respite. Since the North Shores Center also operates the Gaylord Alpine CRU, Mr. Kurtz asked whether respite services can also be provided at that location. After discussion, the decision was made that Alpine CRU can be used for respite if encounters are coded correctly. The decision was also made to allow admissions to the Alpine CRU from Region 1 PIHP (NorthCare Network) if requested.

ENCOUNTER DATA VALIDATION

Health Services Advisory Group (HASG) determined that, under the new Managed Care Rules, the state is responsible for encounter validation. As a result, HSAG will be duplicating the Medicaid Encounter Validation that is conducted by the NMRE; 400 clients per region will be selected to audit by random sample.

CONFLICT FREE ACCESS & PLANNING

A Conflict Free Access and Planning implementation meeting is scheduled with the PIHPs on March 22nd at 3:30PM. A rollout plan will likely be unveiled.

SELF-DETERMINATION CONTRACT REQUEST

Mr. Kurtz requested an example of a fully executed self-determination contract from each of the CMHSPs, which they agreed to provide.

CCBHC UPDATE

A meeting to discuss rural flexibilities for Certified Community Behavioral Health Clinics occurred on March 15th. PIHP Regions 1 (NorthCare Network) and 2 (NMRE) expressed feeling pressured to implement CCBHC. The state responded that is not the case. As stated in the resolution language that will be presented to the NMRE Board of Directors on March 27th, the NMRE and its member CMHSPs have found that Behavioral and Opioid/Substance Use Health Homes to be a more advantageous alternative to the CCBHC in rural settings.

NLCMHA MONITORING UPDATE

The Northern Lakes CMHA Board meeting Thursday is expected to include community members expressing their experiences with NLCMHA during public comment.

**NMRE Executive Committee**

A meeting of the NMRE Board Executive Committee has been scheduled for March 20th at 12:00PM to discuss Rehmann's "Financial Assessment Preliminary Report of Northern Lakes CMHA." Once reviewed by the Executive Committee, the report will be presented to the full NMRE Board during the meeting on March 27th.

OTHER

**Network Adequacy Report**

The NMRE must submit a FY23 Network Adequacy Report to MDHHS by April 30th. The reporting template includes a tab for "Additional Information." The CMHSP may contact the NMRE's Provider Network Manager, Chris VanWagoner, with any information that they would like to be included under this tab. The FY23 report will be informational only to establish baselines for future reporting years.

**Use of Medicaid Savings/CMH Retention for Mild/Moderate**

NMRE Board Chair, Don Tanner, requested that the Operations Committee discuss the possibility of retaining lapsed Medicaid as local funds to serve the mild/moderate population. Though the concept has merit, the CEOs determined that this may be pursued but without restrictions of its use for mild and moderate, but it could clearly be used for that purpose.

NEXT MEETING

The next meeting was scheduled for April 16th at 9:30AM in Gaylord.

**NORTHERN MICHIGAN REGIONAL ENTITY**
**SUBSTANCE USE DISORDER OVERSIGHT COMMITTEE MEETING**
**10:00AM – MARCH 4, 2024**
**GAYLORD CONFERENCE ROOM & MICROSOFT TEAMS**

| | | | |
|---|---|---|---|
| **Alcona** | ☒ Carolyn Brummund | **Kalkaska** | ☐ David Comai |
| **Alpena** | ☒ Burt Francisco | **Leelanau** | ☐ Vacant |
| **Antrim** | ☒ Pam Singer | **Manistee** | ☒ Richard Schmidt |
| **Benzie** | ☒ Tim Markey | **Missaukee** | ☐ Vacant |
| **Charlevoix** | ☒ Anne Marie Conway | **Montmorency** | ☒ Don Edwards |
| **Cheboygan** | ☒ John Wallace | **Ogemaw** | ☒ Ron Quackenbush |
| **Crawford** | ☐ Sherry Powers | **Oscoda** | ☒ Chuck Varner |
| **Emmet** | ☒ Terry Newton | **Otsego** | ☒ Doug Johnson |
| **Grand Traverse** | ☒ Dave Freedman | **Presque Isle** | ☒ Dana Labar |
| **Iosco** | ☒ Jay O'Farrell | **Roscommon** | ☒ Darlene Sensor |
| | | **Wexford** | ☒ Gary Taylor |

| | | |
|---|---|---|
| **Staff** | ☒ Bea Arsenov | Clinical Services Director |
| | ☒ Jodie Balhorn | Prevention Coordinator |
| | ☒ Carol Balousek | Executive Administrator |
| | ☒ Lisa Hartley | Claims Assistant |
| | ☒ Eric Kurtz | Chief Executive Officer |
| | ☒ Pamela Polom | Finance Specialist |
| | ☐ Brandon Rhue | Chief Information Officer/Operations Director |
| | ☒ Denise Switzer | Grant and Treatment Manager |
| | ☐ Deanna Yockey | Chief Financial Officer |
| **Public** | Molly Harvey, Caitlin Koucky, Brian Martinus, Tobias Neal, Diane Pelts, Sue Winter | |

CALL TO ORDER
Let the record show that Mr. Schmidt called the meeting to order at 10:00AM.

ROLL CALL
Let the record show that David Comai was absent for, and Sherry Powers was excused from, the meeting on this date; all other SUD Oversight Committee members were in attendance either in Gaylord or virtually.

PLEDGE OF ALLEGIANCE
Let the record show that the Pledge of Allegiance was recited as a group.

APPROVAL OF PAST MINUTES
The January minutes were included in the materials for the meeting on this date.

**MOTION BY TERRY NEWTON TO APPROVE THE MINUTES OF THE JANUARY 8, 2024 NORTHERN MICHIGAN REGIONAL ENTITY SUBSTANCE USE DISORDER OVERSIGHT COMMITTEE MEETING; SUPPORT BY BURT FRANCISCO. MOTION CARRIED.**

APPROVAL OF AGENDA
Let the record show that no additions or revisions to the meeting Agenda were proposed.

**MOTION BY TERRY NEWTON TO APPROVE THE AGENDA FOR THE MARCH 4, 2024 MEETING OF THE NORTHERN MICHIGAN REGIONAL ENTITY SUBSTANCE USE DISORDER OVERSIGHT COMMITTEE; SUPPORT BY RON QUACKENBUSY. MOTION CARRIED.**

ANNOUNCEMENTS
It was noted that the Leelanau County seat on the SUD Oversight Committee is newly vacant.

ACKNOWLEDGEMENT OF CONFLICT OF INTEREST
Let the record show that Mr. Schmidt called for any conflicts of interest to any of the meeting agenda items; none were declared.

INFORMATIONAL REPORTS

**Admissions**

The admissions report through January 31, 2024 was included in the materials for the meeting on this date. Admissions for were down 2% from the same period in FY23. The data showed that outpatient was the highest level of treatment admissions at 41%, and alcohol was the most prevalent primary substance at 59%, All opiates (including heroin) were second at 19%, and methamphetamine was the third most prevalent primary substance at 16%. It was noted that stimulant use is rising sharply throughout the 21-county region. Ms. Arsenov clarified that the report only captures primary substance use; methamphetamine is also frequently a secondary substance.

A deep decline in HMP has resulted from Medicaid redeterminations; this is affecting block grant funding for SUD services. Additional block grant funding has been requested from MDHHS.

A sample report by county, using FY24 admissions data, was presented to the committee as requested by Ms. Singer during the January meeting. Mr. Francisco supported the use of this report. The report summarizes the use of primary, secondary, tertiary substances. Ms. Singer requested a bar chart showing all 21 counties and potential age ranges. Rev. Wallace agreed that bar charts are easier to review visually. Mr. Freedman requested the raw data which Ms. Arsenov agreed to provide.

**December Financial Report**

SUD services through December 31, 2023 showed all funding source revenue of $7,525,716 and $6,481,958 in expenses, resulting in a net surplus of $1,043,758. Total PA2 funds were reported as $4,898,195.

LIQUOR TAX PARAMETERS DISCUSSION
During the January meeting, Mr. Freedman requested that the NMRE set some parameters regarding the use of liquor tax funds and the application process.

**NMRE/SUD Oversight Committee Review**

- Liquor tax applications must be submitted to the NMRE by the 1st of the month prior to months in which Substance Use Disorder Oversight Committee meetings are scheduled. Once applications are submitted, they are reviewed by in internal team of NMRE staff.
- Agencies providing services paid with liquor tax funds must be appropriately licensed for the services by the Michigan Department of Licensing and Regulatory Affairs (LARA) or must be a governmental entity.
- NMRE staff will forward applications to the SUD Oversight Committee members representing the counties from which liquor tax funds are requested.
- If any issues with the request are identified, the request will not move forward or be included in the SUD Oversight Committee meeting packet.
- All decisions will be based on the region's priorities, network capacity, needs and utilization.
- If two or more projects are found to be appropriate for funding, but the budget cannot allow for both or all of them to be approved, the NMRE will bring them to the SUD Oversight Committee to determine which one(s) will be approved based on the counties' needs.

**Criteria for Review/Discussion**

- The NMRE will update projected end balances for each county for the current fiscal year monthly. New applications will be compared to projected end balances to ensure that there is adequate funding in the county to financially support the request.
- A balance equivalent to one year's revenue will remain as a fund balance for each county.
- Project requests for services covered via routing funding will not be considered.
- Applications that include any purchase of buildings, automobiles, or the like will not be considered.
- Applications that include using funds for renovations of any kind will not be considered.
- To be considered, applications must be for substance use disorder prevention, treatment, or recovery services or supports.
- Region-wide (21 county) requests should be limited to media requests; other region-wide requests will be evaluated on a case-by-case basis.
- Multi-county requests (2 or more) must include detailed information on the provision of services and/or project activities for each county from which funds are requested.
- Staff who receive staffing grants via liquor tax approvals will not be eligible to bill services to the NMRE.
- Capital investments* will not be considered.
- Budget Requirements:
  - Budgets must include information in all required fields.
  - Any fringe benefit totals should not exceed 25% of the salaries and wages total. If the fringe amount is over 25% an explanation will be required.
  - Indirect costs, when applicable, should not exceed 10% of the requested budget total.
  - Liquor tax funds may be used to cover up to one FTE (across all projects) per person.
  - The amount requested for salaries should be based on the staff person's actual salary and not the billable rate.
- Requests for liquor tax funds should be coordinated with area stakeholders (CMHSPs, SUD Oversight Committee Members, County Commissioners, courts, law enforcement, SUD services providers) whenever possible.

* "*Capital investment" refers to funds invested in a company or enterprise to further its business objectives. Capital investments are often used to acquire or upgrade physical assets such as*

*property, buildings, or equipment to expand or improve long-term productivity or efficiency. (Source: Nasdaq)*

**NMRE SUD Oversight Committee Meeting**
The NMRE Substance Use Disorder (SUD) Oversight Committee will review each application presented and motion to approve (or deny) the request. If the motion is to approve is passed, the request will be presented to the NMRE Board of Directors during the next scheduled monthly meeting. Requests may be tabled by either the SUD Oversight Committee or the Board of Directors if additional information is needed.

Ms. Singer said that for multi-county requests, it would be nice to know how much is spent in each county. She asked that a rubric be created for new members, so they know what questions to ask. Ms. Arsenov responded that she is attempting to do that by establishing parameters. NMRE Grant and Treatment Manager, Denise Switzer, added that multi-county project costs are spread based on the counties' populations.

Ms. Arsenov requested that feedback be sent to NMRE staff via email. An update on this topic will be provided during the May meeting.

LIQUOR TAX REQUESTS

1) Catholic Human Services – Cheboygan County Drug-Free Coalition

   Cheboygan $ 9,500

   The recommendation by NMRE was to approve.

   **MOTION BY JOHN WALLACE TO APPROVE THE REQUEST FROM CATHOLIC HUMAN SERVICES FOR LIQUOR TAX DOLLARS IN THE AMOUNT OF NINE THOUSAND FIVE HUNDRED DOLLARS ($9,500.00) TO FUND SERVICES TO FUND THE CHEBOYGAN COUNTY DRUG-FREE COALITION; SUPPORT BY TERRY NEWTON. MOTION CARRIED. MOTION CARRIED.**

**County Overviews**
The impact of the liquor tax requests approved on this date on county fund balances was shown as:

| | Projected FY24 Available Balance | Amount Approved March 4, 2024 | Projected Remaining Balance |
|---|---|---|---|
| Cheboygan | $21,892.53 | $9,500.00 | $12,392.53 |

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

NMRE THREE-YEAR STRATEGIC PLAN UPDATE
As requested by Ms. Singer during the January meeting, Ms. Arsenov presented an update on the NMRE's "Three-Year (FY24 – FY26) Strategic Plan in Response to State and Federal Guidelines for Substance Use Disorder Prevention, Treatment, and Recovery Services."

The NMRE contracts with 5 licensed providers for prevention services:
1) Catholic Human Services
2) Centra Wellness Network
3) District Health Department #2
4) District Health Department #10
5) The Health Department of Northwest Michigan

The NMRE Contracts with 10 licensed, accredited providers for treatment services:
1) Addiction Treatment Services (ATS)
2) Bay Area Substance Education Services, Inc. (BASES)
3) Bear River Health
4) Catholic Human Services
5) GRACE Center
6) Harbor Hall
7) Michigan Therapeutic Consultants (MTC)
8) Munson
9) NMSAS Recovery Center
10) Sunrise Centre

The NMRE is focusing on increasing the number of Recovery Support Providers within the region. Currently, the NMRE does not contract directly with any providers that **only** provide recovery supports. The NMRE does, however, provide funding to Community Recovery Alliance and 217 Recovery. State Opioid Response (SOR) and liquor tax funds are being used to fund recovery efforts in the region. Recovery housing is funded by American Rescue Plan Act (ARPA) grant funds.

The NMRE continues to make progress on meeting its prevention, treatment, recovery, and coordination of services goals. Improvements may not be measurable until at least a year into the plan, or FY25.

PRESENTATION

**NMSAS Recovery Center**

Tobias Neal was in attendance with NMSAS Recovery Center CEO, Sue Winter, to present his story "From Bitter to Better"," involving peer recovery support services.

The two pillars of focus in peer recovery supports are Peer Recovery Coaches and Multiple Pathways to Recovery.

- Peer Recovery Coaches connect with recoverees and coach them on their recovery journey. Studies have shown that individuals with Recovery Coaches have reduced relapse rates, increased treatment retention, improved relationships with treatment providers and social supports, and increased satisfaction with overall treatment experience.

- Multiple Pathways recognizes that people are different and what connects one person in recovery may be different than what connects the next person. Recovery must be as diverse as the environments people come from. People need choices.

NMSAS Recovery Center uses the liquor tax funding from the NMRE to support Peer Recovery Support Services. This funding is vital for these services to continue, evolve, and become more

effective in the changing world of recovery. Peer recovery coaches are active in 20 of the region's 21 counties. NMSAS's Recovery Coach Academy, a 4-day intensive training focusing on providing individuals with the sills needed to guide, mentor, and support anyone who would like to initiate or sustain long-term recovery from a drug or alcohol addiction, is offered three times per fiscal year. Peer Recovery Coach training is offered free of charge.

**Community Recovery Alliance**
Caitlin Koucky, Executive Director of Community Recovery Alliance (CRA) was in attendance to provide an update to the Board as requested in September. Ms. Koucky distributed a CRA "About Us" document to committee members. CRA is a Certified Recovery Community Organization (RCO), an independent, non-profit organization led and governed by representatives of the local recovery community.

- CRA operates a community center which is a space for individuals to share, hope, learn, grow, and celebrate in a safe, welcoming space. Because of its rapid growth, a larger space with better accessibility is being pursued in FY24. Multiple Pathways Recovery Meetings are held every weekday at noon.
- CRA offers free peer recovery coaching.
- CRA is a pilot site for the Recovery Friendly Workplace (RFW) program in Michigan. RFWs recognize that recovery from substance use disorder/opioid use disorder is a strength and are willing to work with people in recovery.
- CRA works with individuals leaving incarceration and supports the new Emmet County Recovery Court Program. CRA offers "welcome back bags" with supplies and vouchers for returning citizens.

Rev. Wallace referred to the 2-1-1- Program in Michigan, which links individuals to assistance programs in a wide variety of areas.

**MOTION BY TERRY NEWTON TO CONTINUE TO FUND THE REQUEST FROM COMMUNITY RECOVERY ALLIANCE, INC. FOR EMMET COUNTY LIQUOR TAX DOLLARS IN THE AMOUNT OF TWO HUNDRED FIVE THOUSAND DOLLARS ($205,000.00) APPROVED BY THE NORTHERN MICHIGAN REGIONAL ENTITY SUBSTANCE USE DISORDER OVERSIGHT COMMITTEE ON SEPTEMBER 11, 2023; SUPPORT BY JOHN WALLACE. MOTION CARRIED.**

PUBLIC COMMENT
Molly Harvey, Prevention Specialist with Catholic Human Services, thanked the Committee for its continued support of the Cheboygan County Drug-Free Coalition.

Mr. Freedman invited committee members to join the 21-Day Reduce Stigma Challenge taking place this month.

NEXT MEETING
The next meeting was scheduled for May 6, 2024 at 10:00AM.

ADJOURN
Let the record show that Mr. Schmidt adjourned the meeting at 12:01PM.

# CHEBOYGAN COUNTY DRUG-FREE COALITION "PULLING TOGETHER" (ADDENDUM)

| | |
|---|---|
| **Organization/Fiduciary:** | **Catholic Human Services** |
| **County:** | **Cheboygan** |
| **Project Total:** | **$ 9,500** |

## DESCRIPTION:

The Cheboygan County Drug-Free Coalition "Pulling Together" has continued to grow and expand. In the last year, a youth coalition named "Prevent to Protect" (P2P) was also formed. Liquor Tax funds help support these efforts in Cheboygan County by employing a Prevention Specialist (Stephanie Weizer), a part-time Program Director (Amalia Harvey), and a part-time Prevention Secretary (Megan LaCross). This prevention team continues to build relationships between agencies as well as increase and sustain coalition engagement from all 12 sectors of the community. A continuation of the liquor tax funds in Cheboygan County would provide the support necessary to assist with adult and youth coalition expansion.

**When this request originally came through there weren't enough funds projected to approve for the full project amount. CHS adjusted their request to fit the available funds and were approved for $69,934. This request for an additional $9,500 is to help fund 3 youth to attend the CADCA Mid-Year Conference in Chicago.**

**Recommendation:** Approve

| County | Project | Requested Budget |
|---|---|---|
| Cheboygan | Cheboygan County Drug-Free Coalition "Pulling Together" (Addendum) | $9,500 |

## NORTHERN MICHIGAN REGIONAL ENTITY

### RESOLUTION TO ESTABLISH THE REGIONAL ENTITY'S POSITION REGARDING RURAL COMMUNITY BEHAVIORAL HEALTH SERVICE DELIVERY IN MICHIGAN'S PREPAID HEALTH PLAN REGION #2

**WHEREAS,** Northern Michigan Regional Entity (NMRE) is dedicated to ensuring that the residents of its 21 county area have access to essential behavioral health services.

**WHEREAS**, NMRE covers 11,158 square miles and has a total population of 524,470 or 47 people per square mile and is larger than 8 states and equivalent to the size of Maryland.

**WHEREAS**, NMRE, because of its rural and frontier nature, has developed clinical approaches that are appropriate in such a setting.

**WHEREAS,** per Michigan Mental Health Code (Act 258 of 1974) 330.1204b Sec. 204b (2)(b), the NMRE was granted the power to contract with the state to serve as the Medicaid specialty service prepaid inpatient health plan for the designated service areas of the participating community mental health services programs.

**WHEREAS,** per Michigan Mental Health Code (Act 258 of 1974) 330.1206 Sec. 206 (1), the purpose of a Community Mental Health Services Program shall be to provide a comprehensive array of mental health services appropriate to conditions of individuals who are located within its **geographic service area**, regardless of an individual's ability to pay.

> **NOW, THEREFORE, BE IT RESOLVED that the Northern Michigan Regional Entity shall support effective and efficacious rural and frontier behavioral health interventions while maximizing scarce resources towards those ends, whenever possible.**

**WHEREAS,** the NMRE and its member Community Mental Health Services Programs are in agreement that access to state facilities, when required for consumer and community safety is difficult to obtain and access.

> **NOW, THEREFORE, BE IT RESOLVED that we beseech the State of Michigan to increase accessibility to State Facility Treatment Centers up to and including psychiatric hospital beds for children and adults, including those with the dual diagnosis of severe and persistent mental illness and intellectual developmental disabilities.**

**WHEREAS**, the NMRE supports and seeks support from the Michigan Department of Health and Human Services to encourage the Michigan Medicaid Health Plans within its region to increase fee-for-service rates to qualified behavioral health and substance use providers to support and maintain a community benefit in rural Michigan.

> **NOW ,THEREFORE, BE IT RESOLVED that we beseech the State of Michigan to work with ~~the~~ Michigan Medicaid Health Plans to increase fee-for-service Medicaid rates to rural providers to maintain and enhance community supports and services outside the public system.**

**WHEREAS**, contract language between the Michigan Department Health and Human Services and the Community Mental Health Services Programs within the NMRE region regarding services to the citizen's in the region who are not covered by Medicaid and who are often found to be in crisis or have mild to moderate mental illness could effectively be treated by the public system if the state simply increased the Community Mental Health Non-Medicaid Services budgetary line and tie bared that line into cost of living increases for future years.

**NOW, THEREFORE, LET IT BE RESOLVED, that amendments to contracts between the Michigan Department of Health and Human Services and Community Mental Health Services Programs within the NMRE region, shall include increases to the Community Mental Health Non- Medicaid Services budgetary line and have annual cost of living increases to improve access to those not currently on Medicaid or found to have mild or moderate forms of mental illness.**

**WHEREAS,** NMRE staff and NMRE member Community Mental Health Service Programs have found that Behavioral and Opioid/Substance Use Health Homes under Section 2703 of the Accountable Care Act are not only cost effective but improve physical, behavioral, and substance use in rural settings.

**NOW, THEREFORE, BE IT RESOLVED, that the NMRE encourages the Michigan Department of Health and Humans Services to view Health Homes under Section 2703 of the Accountable Care Act to be the preferred behavioral and substance use approach to integration initiatives in rural and frontier settings.**

**WHEREAS**, because the NMRE and its member Community Mental Health Services Programs are susceptible to programmatic changes which are not proven effective in rural communities, care should be taken by the Michigan Department of Health and Humans Services before services and programs are deemed mandatory or required; not doing so could shatter a very fragile network of behavioral health and substance use providers inadvertently creating a treatment "desert". So,

**NOW, THEREFORE, BE IT RESOLVED, that the NMRE beseeches the State of Michigan Department of Health and Human Services to work closely with rural communities to ensure that great care is taken with proposed new programs and that those programs have shown effectiveness and fiscal sustainability in rural communities, such as those in Northern Michigan.**

**WHEREAS,** the **Northern Michigan Regional Entity Board of Directors** shall support the region to pursue programs and interventions that are tailored for rural and frontier communities for the purposes of efficacy and efficiency.

**NOW, THEREFORE, BE IT RESOLVED, that** the Northern Michigan Regional Entity Board of Directors **shall support the aforementioned items and rural/frontier focused programs within its and its member Community Mental Health Services Programs' service areas.**

Upon a call of the roll, the vote was as follows:

Ayes:

Nays:

Absent:

**RESOLUTION DECLARED ADOPTED.**

Printed Name:

Signature:

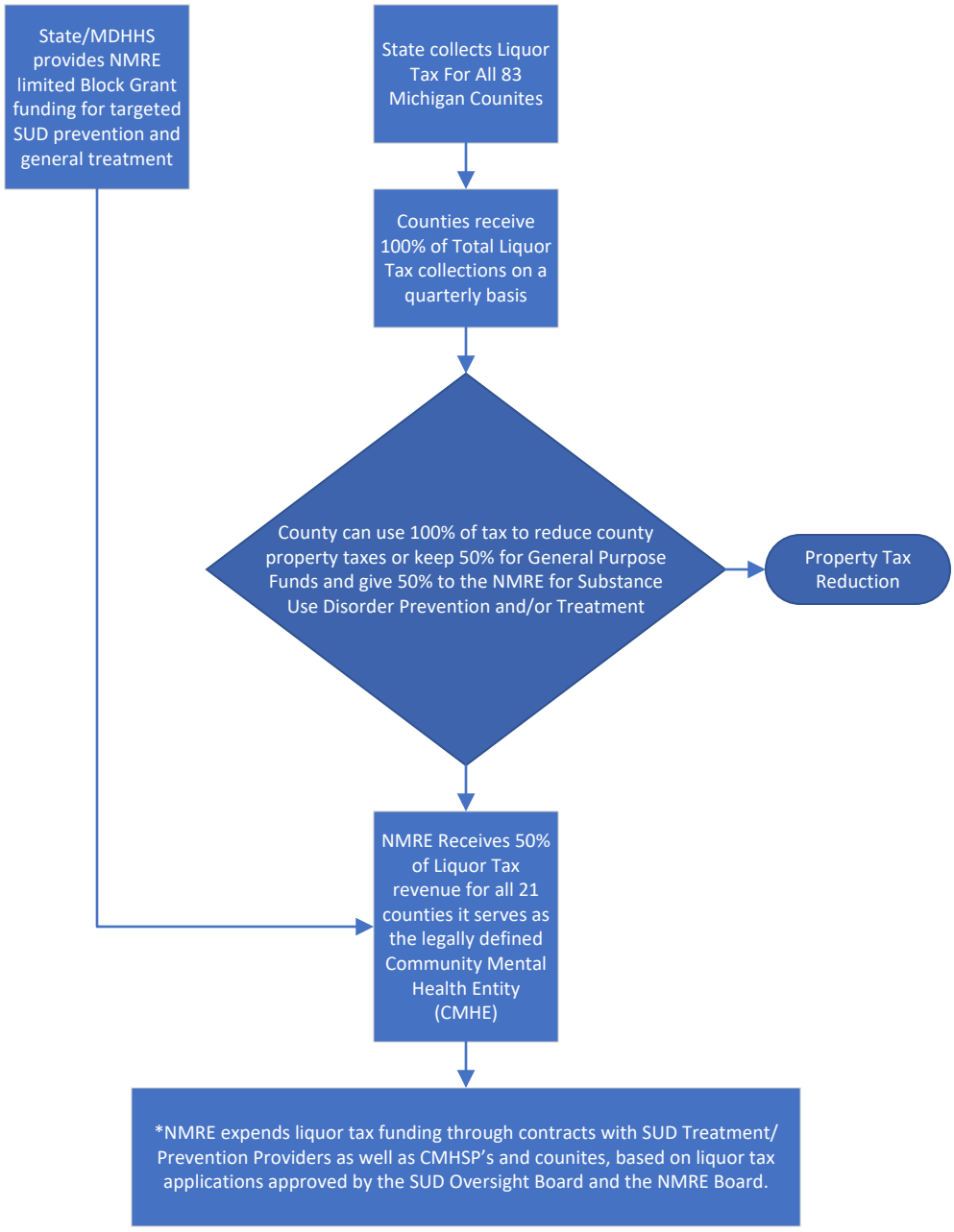
Board Chairperson

Printed Name:

Signature:

Board Secretary

# PA 2 Liquor Tax
# How the Money Flows




***If at the end of the NMRE's fiscal year there is excess SUD Block Grant funding available, it will be used to offset liquor tax expenses as opposed to lapsing SUD Block Grant funding. In reverse, if SUD Block Grant funding runs a deficit, PA 2 funding is used for treatment deficits. Normally for under or uninsured clients.**