

**NORTHERN MICHIGAN REGIONAL ENTITY
BOARD EXECUTIVE COMMITTEE MEETING
3:00PM – AUGUST 13, 2025
GAYLORD BOARDROOM**

ATTENDEES: Don Tanner, Ruth Pilon, Gary Klacking

**VIRTUAL
ATTENDEES: Eric Lawson**

NMRE STAFF Eric Kurtz, Deanna Yockey, Carol Balousek

LEGAL ACTION

On August 8th, the four PIHPs in the current lawsuit (NorthCare Network, NMRE, CMH Partnership of Southeast Michigan, and Region 10) met at the request of attorney Chris Ryan (Taft, Stettinius & Hollister, LLP) upon the issuance of the RFP to procure the state's PIHPs on August 4th. The four PIHPs previously identified were asked to get authority from their Boards of Directors to pursue legal action. Mr. Ryan will likely select one of the four PIHPs to file the injunction (Region 10) and enjoin the others as the process moves forward.

MOTION BY DON TANNER TO GRANT THE NORTHERN MICHIGAN REGIONAL ENTITY CHIEF EXECUTIVE OFFICER THE AUTHORITY TO EITHER FILE OR ENJOIN A FUTURE LAWSUIT AGAINST THE MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES REGARDING THE PROCUREMENT PROCESS FOR MICHIGAN'S PREPAID INPATIENT HEALTH PLANS, IF REQUESTED; SUPPORT BY RUTH PILON. MOTION CARRIED.

The NMRE will continue exploring legal action against MDHHS regarding the procurement process on behalf of the CMHSPs. On August 19th, a meeting is scheduled with Mr. Kurtz, attorney Chris Cooke (Secrest Wardle), NorthCare Network CEO, Megan Rooney, and the 10 CMHSP CEOs from PIHP Regions 1 and 2. The PIHP procurement, as written in the RFP, is very detrimental to the CMHSPs. CMHSPs will be stripped of some of their authority, while administration of the CMHSP network and management will be given to the three new PIHPs. CMHSPs will conduct preadmission screenings, crisis services, and direct run services, basically rendering them clinical services providers, paid with the Medicaid portion of services on a fee-for-service basis. CMHSPs would not have the ability to manage any subcontractors or pay claims. Under the current Mental Health Code, they are allowed to perform those functions as comprehensive services providers. It was noted that there have not been any changes to the Mental Health Code to disallow these functions. Mr. Cooke is advising the CMHSPs to pursue legal action.

The NMRE has a current agreement/contract with attorney Chris Cooke (Secrest Wardle) and \$2,000 left in his \$10,000 retainer. Mr. Kurtz requested permission from the Executive Committee to increase the funding for legal services so that the region can pursue all legal channels against the RFP/PIHP procurement process. It was noted that before the RFP was issued, Mr. Kurtz requested a rural exemption to the RFP for Regions 1 and 2 based on a lack of providers. The due date to respond to the RFP is 11:50AM on September 29, 2025.

MOTION BY DON TANNER TO AUTHORIZE AN INCREASE TO THE NORTHERN MICHIGAN REGIONAL ENTITY'S FISCAL YEAR 2025 BUDGET LINE ITEM FOR LEGAL EXPENSES BY FIFTY THOUSAND DOLLARS (\$50,000.00), IF NEEDED; SUPPORT BY RUTH PILON. ROLL CALL VOTE.

"Yea" Votes: Gary Klacking, Eric Lawson, Ruth Pilon, Don Tanner

"Nay" Votes: Nil

MOTION CARRIED.

DRAFT URBAN COOPERATION ACT AGREEMENT

A draft Urban Cooperation Act Agreement (UCA) was included in the meeting materials. Because the MDHHS current RFP to procure the state's PIHPs does not allow NorthCare Network or Northern Michigan Regional Entity to bid, the two PIHPs representing the 36 counties of northern Michigan would like to form a separate legal entity to be known as Bridge Health. The UCA will be filed in Marquette and Otsego Counties and a federal ID# will be acquired.

The Board of Directors for Bridge Health will be consistent with the provisions afforded in the RFP. Ideally, an equal number of Members will be appointed by the Upper Peninsula and Northern Lower Peninsula.

Mr. Kurtz acknowledged that the current draft UCA needs some revising based on the RFP.

MOTION BY DON TANNER TO GRANT THE AUTHORITY TO THE NORTHERN MICHIGAN REGIONAL ENTITY CHIEF EXECUTIVE OFFICER TO FINALIZE AND FILE THE INTERLOCAL AGREEMENT WITH NORTHCARE NETWORK; SUPPORT BY RUTH PILON. ROLL CALL VOTE.

“Yea” Votes: Gary Klacking, Eric Lawson, Ruth Pilon, Don Tanner

“Nay” Votes: Nil

MOTION CARRIED.

NORTHERN LAKES MISALLOCATION LOOKBACK

Mr. Kurtz has discussed the findings of the Rehmann lookback and the FY23 and FY24 cost settlement with Northern Lakes’ Board Chair Greg McMorro, Interim Chief Executive Officer Curt Cummins, and Chief Financial Officer, Kevin Hartley.

Funds due to Northern Lakes for the cost settlement of fiscal years 2023 and 2024 are offset by what is owed to NMRE based on the Cost Misallocation Lookback conducted by Rehmann.

Cost Misallocation Summary

	Due to NMRE
FY18	\$2,004,763
FY19	\$2,134,376
FY20	\$1,677,753
FY21	\$3,336,632
FY22	\$2,010,778
Total	\$11,164.302

It was noted that, because information was not provided by Northern Lakes for fiscal years 2019 and 2019, the weighted average percent of the questioned costs for fiscal years 2020 – 2022 of 3.76% was applied to the reported expenditures in fiscal years 2018 and 2019.

Cost Settlement Summary

	Due to NLCMHA
FY23	\$1,466,073
FY24	\$8,599,401
Total	\$10,065,474

The net difference between the cost misallocation and cost settlement **\$1,098,828** owed to NMRE from Northern Lakes. No funds for FY23 and FY24 are due to Northern Lakes from the NMRE.

These findings will be presented to the full NMRE board on August 27th.

Mr. Klacking adjourned the meeting at 3:56PM.