

**NORTHERN MICHIGAN REGIONAL ENTITY
BOARD OF DIRECTORS MEETING
10:00AM – MAY 22, 2024
GAYLORD BOARDROOM**

ATTENDEES:	Bob Adrian, Ed Ginop, Eric Lawson, Mary Marois, Michael Newman, Gary Nowak, Jay O’Farrell, Ruth Pilon, Richard Schmidt, Don Smeltzer, Don Tanner, Chuck Varner
ABSENT:	Tom Bratton, Gary Klacking, Karla Sherman
NMRE/CMHSP STAFF:	Bea Arsenov, Carol Balousek, Amy Christie, Eric Kurtz, Brian Martinus, Diane Pelts, Brandon Rhue, Nena Sork, Deanna Yockey
PUBLIC:	Samantha Borowiak, Chip Cieslinski, Tiffany Fewins, Dave Freedman, Stacy Maiville, Neil Rojas
GUESTS:	Kerreen Conley, Derek Miller

CALL TO ORDER

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

ROLL CALL

Let the record show that Tom Bratton, Gary Klacking, and Karla Sherman were excused from the meeting on this date; all other NMRE Board Members were in attendance in Gaylord.

PLEDGE OF ALLEGIANCE

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

ACKNOWLEDGEMENT OF CONFLICT OF INTEREST

Let the record show that no conflicts of interest to any of the meeting Agenda items were declared.

APPROVAL OF AGENDA

Let the record show that FY24 Audit Firm selection and draft Board Resolution related to conflict-free access and planning were added to the agenda under “New Business.”

MOTION BY CHUCK VARNER TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS MEETING AGENDA FOR MAY 22, 2024 AS AMENDED; SUPPORT BY GARY NOWAK. MOTION CARRIED.

APPROVAL OF PAST MINUTES

Let the record show that the April 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 APRIL 24, 2024 MEETING OF THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS; SUPPORT BY JAY O’FARRELL. MOTION CARRIED.

CORRESPONDENCE

- 1) PIHP CEO meeting minutes dated April 4, 2024.
- 2) Medicaid Provider L-Letter 24-29 regarding FY23 Direct Care Worker Wage Increase.
- 3) Michigan House Bill 5725 which would amend PA 267, "The Open Meetings Act" to permit remote participation at public meetings in certain circumstances.
- 4) Communication from the Community Mental Health Association of Michigan (CMHAM) dated May 2024 titled, "Purposes and roles within Michigan's public mental health system: State of Michigan and the state's CMHSPs and PIHPs."
- 5) Communication dated May 7, 2024 from Roslund, Prestage, and Co. to NMRE Board of Directors members providing them the opportunity to share any concerns or ask any questions regarding the NMRE compliance audit.
- 6) An Action Alert from CMHAM dated May 10, 2024 requesting that legislators (House & Senate) and the Governor be urged to push MDHHS to halt the implementation of its approach to meeting the federal Conflict-Free Access and Panning (CFA&P) requirements.
- 7) An infographic supplied by CMHAM outlining the approaches proposed by MDHHS to meet Federal CFA&P requirements.
- 8) Email correspondence from CMHAM dated May 15, 2024 to CEOs of CMHSPs/PIHPs and Provider Alliance Members Urging Boards of Directors to pass resolutions against the implementation of MDHHS' approach to CFA&P.
- 9) A sample Board Resolution opposing the implementation of MDHHS' approach to CFA&P.
- 10) The draft minutes of the May 8, 2024 regional Finance Committee meeting.

Mr. Kurtz explained that if House Bill 5725 passes, a formal resolution will be required of the Board.

Discussion of the correspondence related to Conflict-Free Access and Planning (CFAP) was moved to "New Business."

ANNOUNCEMENTS

Let the record show that Mary Marois was welcomed back to the NMRE as a representative from Northern Lakes CMHA. Ms. Marois replaces Greg McMorrow who resigned from the NMRE Board to take the position of Northern Lakes CMHA Board Chair.

PUBLIC COMMENT

Let the record show that the members of the public attending the meeting virtually were recognized. North Country CMHA Chief Clinical Officer, Amy Christie, was sitting in for Brian Babbitt. NMSAS Recovery Center Executive Director, Samantha Borowiak, was introduced to the Board.

PRESENTATION

NMRE FY23 Financial Audit

Derek Miller, CPA with Roslund, Prestage & Co., PC (RPC) was in attendance to present the findings of the NMRE's FY23 Financial Audit. Although RPC completes three audits for the NMRE annually (Financial, Compliance, and Single Audit), the presentation focused on the Financial Audit.

Mr. Miller reported the following:

- Total Assets were down .76% from FY22.
- Total Liabilities were down 8.3% from FY22.

- Net Position was up 16.8% from FY22.
- Total Operating Revenue was up 10% from FY22.
- Total Operating Expenses were up 8% from FY22.
- Change in Net Position was up 246% from FY22.
- A Prior Year Adjustment was reported as \$33,997 due to the Direct Care Wage increase.

It was noted that Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, was issued by the GASB in June 2022 and will be effective for the PIHP's fiscal year ending September 30, 2024. Statement No, 101, *Compensated Absences*, was issued by GASB in June 2022 and will be effective for the PIHP's fiscal year ending September 30, 2025.

Mr. Miller thanked the NMRE Team for their work and assistance in completing the audit.

MOTION BY ERIC LAWSON TO ACCEPT THE NORTHERN MICHIGAN REGIONAL ENTITY FISCAL YEAR 2023 FINANCIAL AUDIT REPORT BY ROSLUND, PRESTAGE, AND COMPANY; SUPPORT BY CHUCK VARNER. MOTION CARRIED.

REPORTS

Executive Committee Report

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

CEO Report

The NMRE CEO Monthly Report for May 2024 was included in the materials for the meeting on this date. Mr. Kurtz thanked Northeast Michigan CMHA for including him in their Strategic Planning meeting on May 9th. Mr. Kurtz noted that the PIHP Contract Negotiations meeting scheduled for May 21st and included in his report was cancelled.

Mr. Kurtz and Mr. Johnston are engaged in efforts to eliminate \$10M local drawdown and match which essentially makes the PIHP a "taxing entity" as arm of the state without constitutional authority. A five-year plan to reduce the local match to zero by 2024 was implemented in 2019 and has since stalled; by Federal mandate, it must end by 2027.

March 2024 Financial Report

- Net Position showed net surplus Medicaid and HMP of \$1,407,732. Carry forward was reported as \$11,624,171. The total Medicaid and HMP Current Year Surplus was reported as \$13,031,903. The total Medicaid and HMP Internal Service Fund was reported as \$20,576,156. The total Medicaid and HMP net surplus was reported as \$33,608,059.
- Traditional Medicaid showed \$103,421,851 in revenue, and \$99,619,787 in expenses, resulting in a net surplus of \$3,802,064. Medicaid ISF was reported as \$13,510,136 based on the current FSR. Medicaid Savings was reported as \$845,073.
- Healthy Michigan Plan showed \$14,052,940 in revenue, and \$16,447,272 in expenses, resulting in a net deficit of \$2,394,332. HMP ISF was reported as \$7,066,020 based on the current FSR. HMP savings was reported as \$10,779,098.
- Health Home showed \$1,435,090 in revenue, and \$1,231,467 in expenses, resulting in a net surplus of \$221,623.

- SUD showed all funding source revenue of \$15,196,893 and \$13,642,380 in expenses, resulting in a net surplus of \$1,554,513. Total PA2 funds were reported as \$5,132,294.

The region currently has four open HSW slots with four packets pending approval. Communication has been received from MDHHS indicating that packets will be scrutinized related to Home and Community Based Services (HCBS) compliance. NMRE will work with CMHSP staff on packet submissions, but this will slow down the process. Eligibility issues in CHAMPS have caused a payment gap for approximately 30 enrolled individuals in the region. Data is being collected and provided to MDHHS. This results in an estimated revenue loss of over \$7K per month per enrollee. The increase in HSW rates in addition to the NMRE filling vacant slots has enabled HSW revenue to offset the shortfall in DAB, TANF, and HMP.

The Board has approved PA2 funded projects amounting to \$2.6M for FY24. Some of this may be diverted, however, as the NMRE is being creative in trying to utilize other funding to conserve PA2 resources. The NMSAS Recovery Coaching program has moved to American Rescue Plan Act (ARPA) grant funding. SUD Block Grant usage is 36% higher than it was in the same period in FY22. Liquor tax funds may be used for treatment deficits if SUD Block Grant funding is depleted.

MOTION BY DON SMELTZER TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY MONTHLY FINANCIAL REPORT FOR MARCH 2024; SUPPORT BY GARY NOWAK. MOTION CARRIED.

Operations Committee Report

Let the record show that no meetings of the NMRE Regional Operations Committee have occurred since the April Board Meeting.

NMRE SUD Oversight Committee Report

The minutes from the May 6th NMRE Substance Use Disorder Oversight Committee meeting were included in the materials for the meeting on this date. A Liquor tax request will be reviewed under the next agenda topic. The NMRE’s liquor tax application will be revised to align with the parameters for liquor tax use approved by the Board in April.

NEW BUSINESS

Liquor Tax Requests

One liquor tax request was presented to the NMRE Substance Use Disorder Oversight Committee and moved for approval of NMRE Board of Directors on May 6, 2024.

217 Recovery	Recovery Stories – Part III	Grand Traverse	New Request	\$4,783
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MOTION BY JAY O’FARRELL TO APPROVE THE REQUEST FROM 217 RECOVERY CENTER FOR GRAND TRAVERSE COUNTY LIQUOR TAX DOLLARS IN THE AMOUNT OF FOUR THOUSAND SEVEN HUNDRED EIGHTY-THREE DOLLARS TO FUND PART THREE (III) OF THE MESSAGE OF HOPE RECOVERY STORIES PROGRAM; SUPPORT BY MARY MAROIS. MOTION CARRIED.

Audit for FY24

The selection of Roslund, Prestage, and Company, PC (RPC) for financial auditing services was approved in August 2021. The NMRE was scheduled to issue an RFP for an auditing firm for fiscal years 2024, 2025, and 2026, however the regional Finance Committee recommended that the Agreement with RPC be extended for an additional year. A bid proposal from RPC was distributed during the meeting.

MOTION BY CHUCK VARNER TO APPROVE A CONTRACT EXTENSION WITH ROSLUND, PRESTAGE, AND COMPANY THROUGH FISCAL YEAR 2024 FOR AUSABLE VALLEY COMMUNITY MENTAL HEALTH AUTHORITY, CENTRA WELLNESS NETWORK, NORTH COUNTRY COMMUNITY MENTAL HEALTH AUTHORITY, NORTHERN LAKES COMMUNITY MENTAL HEALTH AUTHORITY, AND NORTHERN MICHIGAN REGIONAL ENTITY WITH COSTS FOR NORTHERN MICHIGAN REGIONAL ENTITY NOT TO EXCEED THIRTY THOUSAND DOLLARS (\$30,000.00); SUPPORT BY JAY O'FARRELL. ROLL CALL VOTE.

"Yea" Votes: R. Adrian, E. Ginop, E. Lawson, M. Marois, M. Newman, G. Nowak, J. O'Farrell, R. Pilon, R. Schmidt, D. Smeltzer, D. Tanner, C. Varner

"Nay" Votes: Nil

MOTION CARRIED.

Conflict-Free Access & Planning

At the urging of the Community Mental Health Association of Michigan (CMHAM), a resolution expressing concerns with the MDHHS' proposed approach to meeting the federal Conflict-Free standards was drafted and include in the meeting materials under "Correspondence."

MOTION BY CHUCK VARNER TO ADOPT A RESOLUTION OPPOSING THE MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES' DECISIONS TO IMPLEMENT CONFLICT FREE ACCESS AND PLANNING IN MICHIGAN; SUPPORT BY MARY MAROIS. ROLL CALL VOTE.

"Yea" Votes: R. Adrian, E. Ginop, E. Lawson, M. Marois, M. Newman, G. Nowak, J. O'Farrell, R. Pilon, R. Schmidt, D. Smeltzer, D. Tanner, C. Varner

"Nay" Votes: Nil

Motion Carried.

The full resolution is attached to these meeting minutes and incorporated herein.

OLD BUSINESS

Northern Lakes CMHA Update

The Human Resources Assessment Report of Northern Lakes Community Mental Health Authority by Rehmann was included in the materials for the meeting on this date. Kerreen Conley, Principal with Rehmann was in attendance to present the report to the Board.

Ms. Connelly acknowledged that Chief Human Resources Officer, Neil Rojas, was not in place during the period covered by the assessment. The current HR Team was extremely cooperative and is moving in the right direction.

The main areas of focus for the assessment were:

- Fair Labor Standards Act (FLSA), I-9, and Policy Compliance
- Recruiting, Selection, and Onboarding Processes
- Employment Practices
- HR Policies and Procedures
- Employee Handbook Review
- HR Documents and Forms
- Employee Relations

Recommendations were made in the areas of:

- Policy Compliance
- Record Keeping
- Training
- Employment and Pre-Employment Practices
- Compensation
- Performance Management
- Career Development and Succession Planning
- Health and Safety
- Employee Relations

Throughout the assessment, more than 40 interviews were conducted resulting in the following feedback regarding Northern Lakes CMHA:

- Inconsistent and unfair treatment
- Lack of trust
- Fear of retaliation
- Unbalanced workloads
- Unavailable Supervisors
- Lack of leadership response to critical safety concerns
- Lack of overall response to safety concerns
- Job security and the future trajectory of the organization

The lack of clear expectations and standardized operational norms contributed to many of these issues, leading to a negative impact on employees across the organization.

The percent of engaged employees was reported as:

Responses	Engaged	Not Engaged	Actively Disengaged
233	39%	47%	14%

It was noted that the assessment did not include contracted employees.

Ms. Marois asked whether there was any indication of altered credentials. Ms. Connelly responded that there was one instance involving a job description being altered and not reposted.

Ms. Marois asked how the previous Interim CEO was able to be paid overtime. Ms. Connelly responded that salaried employees can be either salary exempt or salary non-exempt. A staff classified as salary exempt is not eligible to receive overtime pay. It would all depend on how the employee was set up in the payroll system.

COMMENTS

Board

- Ms. Marois expressed thanks to Rehmann for bringing issues that needed addressing to light during its compliance examination of Northern Lakes CMHA
- Mr. Smeltzer advised the Northern Lakes CMHA Board to focus on communication and transparency as it moves forward.

Staff/CEOs

- It was noted that the NMRE Day of Education was held at Treetops Resort on May 17th with over 120 regional consumers and staff in attendance.
- Ms. Arsenov reported that the NMRE received \$83,110 for meeting the Pay-for Performance metrics for the Behavioral Health Home program.
- Ms. Pelts stated that Rehmann runs Human Resources for AuSable Valley CMHA and Northern Lakes CMHA can be confident in the assessment and recommendations provided on this date.
- Ms. Pelts reported that Governor Whitmer signed the first mental health parity law on May 21st.
- Ms. Pelts spoke to the previous Interim CEO of Northern Lakes CMHS receiving overtime pay.

MEETING DATE

The next meeting of the NMRE Board of Directors was scheduled for 10:00AM on June 26, 2024.

ADJOURN

Let the record show that Mr. Tanner adjourned the meeting at 11:53AM.



Northern Michigan Regional Entity
1999 Walden Drive, Gaylord, MI 49735
p: 231.487.9144 • f: 989.448.7078

**RESOLUTION OF THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS
OPPOSING MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES DECISIONS TO
IMPLEMENT CONFLICT FREE ACCESS AND PLANNING IN MICHIGAN**

WHEREAS the Northern Michigan Regional Entity (NMRE) is a regional entity created in 2014 by the five Community Mental Health Services Programs (CMHSPs) of AuSable Valley Community Mental Health Authority, Centra Wellness Network, North Country Community Mental Health Authority, Northeast Michigan Community Mental Health Authority, and Northern Lakes Community Mental Health Authority and functions as the Prepaid Inpatient Health Plan (PIHP) for twenty-one Michigan counties under a master Medicaid Specialty Supports and Services Contract with the State of Michigan. The NMRE Board of Directors is comprised of three appointees from each of the CMHSPs in the NMRE region, at least one of whom is a primary or secondary consumer of behavioral health services.

WHEREAS MDHHS has announced its decision to require CMHSPs to separate service assessment and planning from service delivery, requiring beneficiaries to receive the assessment and planning services from one entity and ongoing direct services from another, separate entity by October 1, 2024.

WHEREAS after careful review the conclusions of the NMRE Board are that the current decision:

- Is in conflict with the statutory responsibilities of CMHSPs under Michigan Law;
- Erroneously implies profit drive or undue enrichment motives on the part of governmental entities (CMHSPs and PIHPs) instead of recognizing what is actually a formal transfer of governmental responsibility from the State to the Counties for the delivery of public behavioral health services;
- Ignores the capitation-based financing of the Michigan public behavioral health system, which is constant and does not vary by volume of individuals served negating any conflicts of interest in service planning and service delivery;
- Ignores Michigan's current shared risk (with MDHHS) financing system which already mitigates against conflict and self-interest;
- Is in conflict with the Certified Community Behavioral Health Clinic (CCBHC) model currently being implemented and expanded in Michigan;
- Ignores, at best, and disregards, at worst, input from persons with lived experience that have consistently stated that the available procedural safeguards are preferable to systemic/structural upheaval inherent in MDHHS announced decisions.

THEREFORE, BE IT UNANIMOUSLY RESOLVED THAT, in the strongest possible terms, and for the reasons noted herein, the NMRE Board of Directors opposes the MDHHS announced structural strategies for compliance with the federal Conflict Free Access and Planning Rules.

BE IT FURTHER UNANIMOUSLY RESOLVED THAT, the NMRE Board of Directors requests MDHHS reconsideration of its current decisions and to honor CMS waiver approval for procedural mitigation of conflict, and to pursue CMH approval of strengthened procedural safeguards against conflict of interest in Michigan.

ON BEHALF OF THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS MAY 22, 2024

Gary Klacking, Chairperson (AuSable Valley CMHA)
Don Tanner, Vice-Chairperson (Centra Wellness Network)
Karla Sherman, Secretary (North Country CMHA)