

**NORTHERN MICHIGAN REGIONAL ENTITY
BOARD OF DIRECTORS MEETING
10:00AM – SEPTEMBER 25, 2024
GAYLORD BOARDROOM**

ATTENDEES:	Bob Adrian, Tom Bratton, Ed Ginop, Gary Klacking, Eric Lawson, Mary Marois, Michael Newman, Gary Nowak, Ruth Pilon, Karla Sherman, Don Smeltzer, Don Tanner
ABSENT:	Jay O’Farrell, Richard Schmidt, Chuck Varner
NMRE/CMHSP STAFF:	Bea Arsenov, Jodie Balhorn, Brady Barnhill, Brian Babbitt, Carol Balousek, Lisa Hartley, Chip Johnston, Eric Kurtz, Brian Martinus, Diane Pelts, Brandon Rhue, Nena Sork, Denise Switzer, Chris VanWagoner, Tricia Wurn, Deanna Yockey
PUBLIC:	Karie Bleau, Carrie Borowiak, Samantha Borowiak, Peter Bucci, Chip Cieslinski, Gennie Grover, Keri Laporte-Montero, Madeline McConnell, Kelly Mecham

CALL TO ORDER

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

ROLL CALL

Let the record show that Jay O’Farrell, Richard Schmidt, and Chuck Varner 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 Taft Legal Agreement was added under “Old Business.”

MOTION BY DON TANNER TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS MEETING AGENDA FOR SEPTEMBER 25, 2024 AS AMENDED; SUPPORT BY GARY NOWAK. MOTION CARRIED.

APPROVAL OF PAST MINUTES

Let the record show that the August minutes of the NMRE Governing Board were included in the materials for the meeting on this date.

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

CORRESPONDENCE

- 1) The minutes of the August 1, 2024 MDHHS/PIHP CEO meeting.
- 2) The minutes of the August 6, 2024 Regional Entity PIP CEO meeting. The draft minutes of the September 11, 2024 regional Finance Committee meeting.
- 3) Michigan Department of Health and Human Services (MDHHS) Service Delivery Transformation Section July 2024 Update.
- 4) Slide deck from an MDHHS presentation titled, "Section 1115 Reentry Services Demonstration: CMS Guidance on 1115 Demonstration Opportunity."
- 5) A memorandum dated September 10, 2024 from Belinda Hawks, Director of Adult Home and Community Based Services with MDHHS to PIHP and Substance Use Disorder Executive Directors regarding 2025 Healing and Recovery Regional Appropriations.
- 6) A memorandum dated September 10, 2024 from Belinda Hawks, Director of Adult Home and Community Based Services with MDHHS to PIHP Executive Directors Habilitation Supports Waiver (HSW) Slot Allocations.
- 7) Infographic from the Community Mental Health Association of Michigan (CMHAM) illustrating the impacts of Medicaid Redetermination on Michigan's Public Mental Health System.
- 8) Email correspondence dated September 6, 2024 from Bob Sheehan, CMHAM CEO, to PIHP and CMHSP Executive Directors and Provider Alliance members regarding advocacy efforts around the need to close the FY24 revenue gap.
- 9) CMHAM Advocacy plan for Closing the FY24 Medicaid Revenue Gap of Michigan's Public Mental Health System dated September 2024.
- 10) Action Alert from CMHAM dated September 10, 2024 asking individuals to contact Legislators to urge MDHHS to Adjust Medicaid Rates to Close the Revenue Shortfall.
- 11) Promotional flyer for the NMRE Substance Use Disorder (SUD) Day of Education at Treetops Resort, Gaylord on October 30, 2024 (date change).
- 12) The draft minutes of the September 10, 2024 regional Finance Committee meeting.

Reentry Services Demonstration

In 2023, CMS issued a State Medicaid Director Letter to implement Section 5032 of the Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities Act, which directed the US Department of Health and Human Services (HHS) to issue guidance on how states can design section 1115 reentry demonstrations to provide services to justice-involved individuals prior to release to support their reentry into the community. The demonstration is expected to begin in early 2027.

Healing and Recovery Regional Appropriation

PIHPs will be getting \$1M in Opioid Settlement dollars to implement projects to:

- 1) Support Infrastructure and Inventory
- 2) Implement Community Engagement and Planning Activities

Projects are expected to begin November 1, 2024.

FY25 PIHP HSW Slot Allocation

The NMRE has been given 8 additional slots for FY25, bringing the region's total to 697. These 8 slots represent an additional \$672K in annual revenue.

Closing the Medicaid/HMP Revenue Gap

Advocacy efforts by the Community Mental Health Association of Michigan to close the \$93M FY24 Medicaid revenue gap have ramped up as the end of the fiscal year draws near. Efforts focus on two primary requests of MSHHS:

- Adjust Medicaid rates to offset disenrollment patterns and to accurately account for the necessary staffing adjustments and provider costs increases.
- Ensure that enrollees are slotted into the correct Medicaid bucket to properly empower providers to deliver needed services.

NMRE Day of Substance Use Disorder (SUD) Education

The date of the NMRE SUD event at Treetops was changed to October 30th. Current registration is at 105.

ANNOUNCEMENTS

Let the record show that there were no announcements during the meeting on this date.

PUBLIC COMMENT

Let the record show that the members of the public attending the meeting virtually were recognized.

REPORTS

Executive Committee Report

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

CEO Report

The NMRE CEO Monthly Report for September 2024 was included in the materials for the meeting on this date.

July 2024 Financial Report

- Net Position showed net deficit Medicaid and HMP of \$4,841,988. Carry forward was reported as \$11,624,171. The total Medicaid and HMP Current Year Surplus was reported as \$6,782,183. The total Medicaid and HMP Internal Service Fund was reported as \$20,576,156. The total Medicaid and HMP net surplus was reported as \$27,358,339.
- Traditional Medicaid showed \$173,978,435 in revenue, and \$173,229,506 in expenses, resulting in a net surplus of \$748,929. Medicaid ISF was reported as \$13,510,136 based on the current FSR. Medicaid Savings was reported as \$845,073.
- Healthy Michigan Plan showed \$24,387,696 in revenue, and \$29,978,613 in expenses, resulting in a net deficit of \$5,590,917. HMP ISF was reported as \$7,066,020 based on the current FSR. HMP savings was reported as \$10,779,098.
- Health Home showed \$2,587,107 in revenue, and \$2,262,126 in expenses, resulting in a net surplus of \$324,981.
- SUD showed all funding source revenue of \$24,444,229 and \$22,426,066 in expenses, resulting in a net surplus of \$2,018,163. Total PA2 funds were reported as \$4,847,073.

Per the preliminary FSR, the NMRE anticipates carrying forward \$2.8M into FY25. The data for the September payment was received earlier on this date. The September payment will be \$1,030,000 higher than the August payment due to increased eligibles.

The NMRE’s FY24 block grant allocation was depleted by the end of June. Treatment services for individuals who qualified for block grant funding will need to be billed to liquor tax funds for Quarter 4. To date, \$188K in SUD Treatment services has been paid with liquor tax funds. The NMRE is working on methods to bill as much as possible to Medicaid and Healthy Michigan. Additionally, due to a glitch in the CHAMPS system, the NMRE has not been paid for individuals on HSW with spenddowns dating back to July 2023, resulting in a loss of approximately \$1M. The NMRE recently learned that it will receive payments for unpaid HSW slots back to October 1, 2023.

Expenditures are currently exceeding revenue at \$4.8M. Although the region has carryforward funds to supplement the deficit, it is not a sustainable practice.

Mr. Tanner asked whether the state is hanging onto the \$93M in funding that was allocated by the legislature and not rolled out to PIHPs/CMHSPs to pay the Waskul settlement. Mr. Kurtz responded that it appears that the state is holding it for some purpose.

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

Operations Committee Report

The draft minutes from September 17, 2024 were included in the materials for the meeting on this date.

NMRE SUD Oversight Committee Report

The draft minutes from September 9, 2024 were included in the materials for the meeting on this date.

NEW BUSINESS

Liquor Tax Requests

	Requesting Entity	Project	County	Amount
1.	Catholic Human Services	Students Leading Students	Alpena	\$40,300
2.	Charlevoix County Circuit Court	33 rd Circuit Hybrid Drug Court	Charlevoix	\$100,940
3.	Catholic Human Services	“Pulling Together” Drug Free Coalition	Cheboygan	\$62,315
4.	Catholic Human Services	Crawford Partnership to End Substance Misuse	Crawford	\$41,796
5.	Emmet County Circuit Court	Emmet County Recovery Program	Emmet	\$288,762
6.	217 Recovery	Recovery Stories: Message of Hope Part IV	Grand Traverse	\$5,800
7.	Catholic Human Services	Grand Traverse County Drug Free Coalition	Grand Traverse	\$78,451
8.	Catholic Human Services	Iosco Substance Free Coalition	Iosco	\$50,768
9.	Health Department of Northwest Michigan	RISE Otsego Substance Free Coalition	Otsego	\$76,058

10.	Catholic Human Services	Roscommon County Drug Free Coalition	Roscommon	\$51,722
11.	Catholic Human Services	Community Based Peer Recovery Project	Alpena, Crawford, Grand Traverse, Otsego, Wexford	\$158,113
12.	District Health Department #10	Deterra Medication Disposal and Lock Box Project	Missaukee, Wexford	\$9,000
13.	Health Department of Northwest Michigan	SAFE in Northern Michigan Prevention Coalition	Antrim, Charlevoix, Emmet	\$120,835
Total				\$1,084,860

Mr. Bratton asked how Board Members and Substance Use Disorder Oversight Committee Members can be better partners/advocates. Ms. Arsenov responded that the NMRE will continue to invite SUD Providers to present to the Board on their operations in the next fiscal year. The entities requesting liquor tax funds have been instructed to contact their county representatives when submitting their applications. This process is working more smoothly than it has in the past.

Ms. Pilon asked whether programs have a means to measure outcomes. Ms. Switzer responded that a "planning page" is submitted along with the liquor tax request application. Entities report to the NMRE quarterly on each planning item. NMRE staff meets monthly to review.

Mr. Eric Lawson requested that providers steer clear of the word "empowerment" in their applications as it is a vague term; he encouraged the use of more specific verbiage.

MOTION BY DON TANNER TO APPROVE THE LIQUOR TAX REQUESTS FOR FISCAL YEAR 2025 AS RECOMMENDED BY THE NORTHERN MICHIGAN REGIONAL ENTITY SUBSTANCE USE DISORDER OVERSIGHT COMMITTEE ON SEPTEMBER 9, 2024, IN THE TOTAL AMOUNT OF ONE MILLION EIGHTY-FOUR THOUSAND EIGHT HUNDRED SIXTY DOLLARS (\$1,084,860.00); SUPPORT BY GARY NOWAK. ROLL CALL VOTE.

"Yea" Votes: B. Adrian, T. Bratton, E. Ginop, G. Klacking, E. Lawson, M. Newman, G. Nowak, R. Pilon, K. Sherman, D. Smeltzer, D. Tanner

"Nay" Votes: Nil

MOTION CARRIED.

County Overviews

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

	Projected FY25 Available Balance	Amount Approved September 9, 2024	Projected Remaining Balance
Alpena	\$267,481.69	\$89,315.03	\$174,798.30
Antrim	\$202,825.10	\$34,063.82	\$168,761.28

Charlevoix	\$139,795.23	\$139,167.46	\$627.77
Cheboygan	\$103,013.42	\$62,315.00	\$40,698.42
Crawford	\$121,706.39	\$67,094.08	\$54,612.31
Emmet	\$449,497.60	\$337,304.72	\$112,192.88
Grand Traverse	\$523,643.24	\$130,103.77	\$393,539.47
Iosco	\$143,363.50	50,768.00	\$92,595.50
Missaukee	\$31,042.50	\$2,796.16	\$28,246.34
Otsego	\$117,712.37	\$95,031.56	\$22,680.81
Roscommon	\$552,319.01	\$51,722.00	\$500,597.01
Wexford	\$129,130.03	\$25,177.40	\$103,952.63
Total	\$2,781,530.08	\$1,084,859.00	1,693,302.72

FY25 Grant Recommendations

A summary of SUD grants for FY25 was included in the meeting materials.

American Rescue Plan Act Substance Abuse Block Grant (ARPA SABG)	\$	871,163
State Opioid Response (SOR) 4	\$	1,546,979
Gambling Disorder Prevention	\$	200,000
Tobacco 4000	\$	4,000
Michigan Partnership to Advance Coalitions (MIPAC) – Partnership for Success (PFS)	\$	322,787
Total	\$	2,160,929

MOTION BY DON TANNER TO APPROVE FISCAL YEAR 2025 SUBSTANCE USE DISORDER GRANT FUNDING AS PRESENTED AND REVIEWED ON THIS DATE; SUPPORT BY BOB ADRIAN. MOTION CARRIED. ROLL CALL VOTE.

“Yea” Votes: B. Adrian, T. Bratton, E. Ginop, G. Klacking, E. Lawson, M. Newman, G. Nowak, R. Pilon, K. Sherman, D. Smeltzer, D. Tanner

“Nay” Votes: Nil

MOTION CARRIED.

FY25 Meeting Schedule

The proposed NMRE Board meeting schedule for FY25 was included in the materials for the meeting on this date. There will not be a meeting in November 2024. The December meeting was moved to December 18th.

MOTION BY KARLA SHERMAN TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS MEETING SCHEDULE FOR FISCAL YEAR 2025 AS PRESENTED AND REVIEWED ON THIS DATE; SUPPORT BY GARY NOWAK. MOTION CARRIED.

OLD BUSINESS

Northern Lakes CMHA Update

Mr. Kurtz will be meeting with the Rehmann forensic investigation team the week of September 30th. A decision will need to be made regarding the need to go back and investigate additional

years. If the investigation does look back at additional years, the report will remain in draft status. Mr. Kurtz hopes to have more to report in October.

FY25 PIHP Contract Update

Mr. Kurtz reported that 7 of the 10 PIHPs disagree with Waskul language and ISF cap at 7.5%. Six PIHPs plan to work collectively with the law firm of Taft Stettinius & Hollister, LLP to strike the Waskul language and strike and replace the ISF language in the FY25 PIHP Contract, prior to sending it to the Department.

Mr. Tanner acknowledged that he would still like to have attorney Chris Cooke send communication to the state from Region 2. Mr. Kurtz agreed.

MOTION BY ERIC LAWSON TO STRIKE THE WASKUL LANGUAGE, STRIKE AND REPLACE THE INTERNAL SERVICE FUND LANGUAGE, AND SHOW GOOD FAITH EFFORTS TO CONTINUE TO NEGOTIATE WITH THE MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES ON THE FISCAL YEAR 2025 PREPAID INPATIENT HEALTH PLAN SPECIALTY SUPPORTS AND SERVICES CONTRACT; SUPPORT BY DON TANNER. ROLL CALL VOTE.

"Yea" Votes: B. Adrian, T. Bratton, E. Ginop, G. Klacking, E. Lawson, M. Newman, G. Nowak, R. Pilon, K. Sherman, D. Smeltzer, D. Tanner

"Nay" Votes: Nil

MOTION CARRIED.

Taft Legal Agreement

A legal agreement from Taft Stettinius & Hollister, LLP was distributed during the meeting. The Taft law firm has been engaged to represent the NMRE, along with other Michigan PIHPs, in the matter concerning the Michigan Department of Health and Human Services efforts to limit Internal Service Fund contributions. Region 10 will receive, review, and pay all invoices associated with this project and handle the division of fees among the other participating PIHPs.

MOTION BY GARY NOWAK TO AUTHORIZE THE NORTHERN MICHIGAN REGIONAL ENTITY CHIEF EXECUTIVE OFFICER TO SIGN THE LEGAL AGREEMENT WITH AND THE LAW FIRM OF TAFT STETTINIUS & HOLLISTER, LLP; SECOND BY KARLA SHERMAN. ROLL CALL VOTE.

"Yea" Votes: B. Adrian, T. Bratton, E. Ginop, G. Klacking, E. Lawson, M. Newman, G. Nowak, R. Pilon, K. Sherman, D. Smeltzer, D. Tanner

"Nay" Votes: Nil

MOTION CARRIED.

PRESENTATION

FY25 Budget

The NMRE's preliminary budget for FY25 was included in the meeting materials. Ms. Yockey reviewed the Significant Assumptions and Key Points:

1. Medicaid and Healthy Michigan revenue projections were based on draft Milliman projections.

- The Internal Service Fund is anticipated to be fully funded at the close of FY24.
- 2. Medicaid and Health Michigan – Expenses
 - Substance Abuse costs were based on projected current year utilization.
- 3. Substance Abuse Prevention and Treatment Block Grant – Revenue based on current year actual MDHHS allocation
 - Block grant allocation was broken down into separate programs with distinct allowable uses (Treatment, Prevention, and SDA).
 - All services are expected to be provided through NMRE’s provider network.
- 4. Public Act (PA2) Funding – Revenue anticipated to stay consistent with current year
 - PA2 funds must be used in the county from which they originated for prevention or treatment but may not be used on administration.
- 5. Affiliate local match and local match drawdown – Based on actual historical amounts

Total FY25 Projected Revenue – \$260,952,624
 Total FY25 Projected Expenses – \$257,421,499
 Total FY25 Anticipated Surplus – \$353,113

CMHSP funding based on draft revenue projections was provides as:

AuSable Valley	Centra Wellness	North Country	Northeast MI	Northern Lakes
\$29,857,764	\$18,851,375	\$56,000,996	\$34,248,973	\$69,272,950

MOTION BY DON TANNER TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY FISCAL YEAR 2025 BUDGET AS PRESENTED AND REVIEWED ON THIS DATE; SUPPORT BY GARY NOWAK. ROLL CALL VOTE.

“Yea” Votes: B. Adrian, T. Bratton, E. Ginop, G. Klacking, E. Lawson, M. Newman, G. Nowak, R. Pilon, K. Sherman, D. Smeltzer, D. Tanner

“Nay” Votes: Nil

MOTION CARRIED.

COMMENTS

Board

Mr. Lawson asked about the rebranding of AuSable Valley CMHA. Ms. Pelts responded that an announcement will be made on September 30th.

Ms. Sherman thanked staff for getting the FY25 budget out in time for the meeting.

MEETING DATE

The next meeting of the NMRE Board of Directors was scheduled for 10:00AM on October 23, 2024.

ADJOURN

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