

Southwest Michigan

BEHAVIORAL HEALTH

Substance Use Disorder Oversight Policy Board (SUDOPB)

Air Zoo Aerospace & Science Museum

6151 Portage Rd, Portage, MI 49002

Monday, May 19, 2025

4:00-5:30

Draft: 5/1/25

1. **Welcome and Introductions (Randall Hazelbaker)**
2. **Public Comment**
3. **Agenda Review and Adoption (Randall Hazelbaker) (d) pg.1**
4. **Financial Interest Disclosure and Conflict of Interest Handling**
 - None
5. **Consent Agenda (Randall Hazelbaker)**
 - March 17, 2025 Meeting Minutes (d) pg.3
6. **Board Actions**
 - a) Budget Shortfall Advocacy (d) pg.6
 - b) Budget Amendment – Kalamazoo County, Prevention Works (d) pg.8
 - c) Budget Amendment – Cass County, Woodlands Behavioral Health Network (d) pg.21
7. **Board Education**
 - a) Fiscal Year 2025 YTD Financials (G. Guidry) (d) pg.28
 - b) PA2 Utilization Fiscal Year 2025 YTD (G. Guidry) (d) pg.31
 - c) Wakely Report (G. Guidry) (d) pg.33
 - d) 2026 Overview and Budget Planning (J. Smith and G. Guidry) (d) pg.38
 - e) 2026 Three Year Estimate Report (G. Guidry) (d) pg.43
 - f) 2025 Mid-year PA2 Outcomes Report (J. Smith) (d) pg.51
8. **Communication and Counsel**
 - a) Legislative and Policy Updates (J. Smith) (d) pg.59
 1. [Executive Directive 2025-3](#)
 2. PIHP Procurement
 - b) Federal Grants (J. Smith) (d) pg.65
 - c) May 9th Board Planning Session debrief (R. Hazelbaker)

The meeting will be held in compliance with the Michigan Open Meetings Act

- d) SWMBH Board Sub End 2 and 4 (E. Philander) (d)
pg.67
- e) Regional Public Policy Committee (E. Philander) (d)
pg.71
- f) 2025 SUDOPB Attendance Report (d) pg.73

9. County Updates

- a) Opioid Settlement Activities

10. Public Comment

11. Adjourn

The meeting will be held in compliance with the Michigan Open Meetings Act

Southwest Michigan

BEHAVIORAL HEALTH

Substance Use Disorder Oversight Policy Board (SUDOPB) Meeting Minutes

March 17, 2025

4:00 – 5:30 pm

Draft: 11/19/24

Members Present: Randall Hazelbaker (Branch County); Richard Godfrey (Van Buren County); RJ Lee (Cass County); Jonathan Current (Kalamazoo County); Allyn Witchell (Kalamazoo County); Marsha Bassett (Barry County); Dominic Oo (Calhoun County); Matt Saxton (Calhoun County); Jared Hoffmaster (St. Joseph County)

Members Absent: Rayonte Bell (Berrien); Alex R. Ott (Berrien); Paul Schincariol (Van Buren County)

Staff and Guests Present:

Brad Casemore, CEO, SWMBH; Joel Smith, Substance Use Treatment and Prevention Director, SWMBH; Garyl Guidry, Chief Financial Officer, SWMBH; Achilles Malta, Regional Prevention Coordinator, SWMBH; Anastasia Miliadi, SUD Treatment Specialist, SWMBH; Emily Flory, Strategic Initiatives Project Manager, SWMBH; Erin Hetrick, SUD Treatment Specialist, SWMBH; Amy St. Peter, Clinical Grants Specialist, SWMBH; Lily Smithson, Gambling Disorder Specialist, SWMBH; Michelle Jacobs, Senior Operations Specialist and Rights Advisor, SWMBH

Welcome and Introductions

Randall Hazelbaker called the meeting to order at 4:00 pm. Introductions were made.

Public Comment

None

Agenda Review and Adoption

Motion Jared Hoffmaster
Second RJ Lee
Motion Carried

Financial Interest Disclosures

Mila Todd reviewed the financial interest disclosure and conflict of interest forms with SUDOPB members. Mila Todd noted two members who simultaneously serve on the local CMH Board and the SUDOP Board. Those members will recuse themselves from any votes pertaining to a CMH Board Budget.

Consent Agenda

Motion RJ Lee moved to approve the 11/18/24 meeting minutes as presented.
Second Jared Hoffmaster
Motion Carried

Board Education

SWMBH Overview and New Board Member Orientation

Joel Smith reported as documented. Discussion followed.

SUD Behavioral Health Treatment Episode Admission Data

Joel Smith reported as documented. Discussion followed.

2024 Overdose Education and Naloxone Distribution Report

Achilles Malta reported as documented. Discussion followed.

Fiscal Year 2025 YTD Financials

Garyl Guidry reported as documented, highlighting numbers for Medicaid, Healthy Michigan, MI Child, Block Grant, and PA2. Discussion followed.

PA2 Utilization Fiscal Year 2025 YTD

Garyl Guidry reported as documented. Discussion followed.

Board Action

Election of Officers

Motion Jared Hoffmaster moved to nominate Randall Hazelbaker as SUDOPB Chair.

Second Matt Saxton

Motion Carried

Motion Jared Hoffmaster moved to nominate Richard Godfrey as SUDOPB Vice-Chair.

Second Matt Saxton

Motion Carried

2025 Meeting Dates and Locations

Board discussed cost of meeting location and willingness to move meetings to another location that does not have costs. Joel Smith to email Board costs and ask for a decision.

Amendment – Woodlands Behavioral Health Prevention

Garyl Guidry reported as documented. Discussion followed.

Motion Jared Hoffmaster moved to approve the Woodlands Behavioral Health Prevention amendment as presented.

Second Matt Saxton

Motion Carried

RJ Lee voluntarily recused himself from voting.

Amendment – Barry Community Mental Health Prevention

Garyl Guidry reported as documented. Discussion followed.

Motion Matt Saxton moved to approve the Barry Community Mental Health Prevention amendment as presented.

Second RJ Lee

Motion Carried

Marsha Bassett voluntarily recused herself from voting.

Communication and Counsel

Legislative Updates

Brad Casemore reported on the following:

- SWMBH is watching Federal and State policy and funding issues
- SWMBH is watching for the Fiscal Year 2026 Budget from the State.
- The Federal Government has slowed or stopped on funding for SAMHSA with a projected/proposed cut of \$144 million
- SWMBH is watching development of Federal level matches to Medicaid and Medicaid Expansion
- SWMBH is not the only Prepaid Inpatient Health Plan (PIHP) with a financial deficit
- Five PIHPs did not sign a Fiscal Year 2025 contract with MDHHS (SWMBH did sign a contract)
- Four PIHPs have brought a lawsuit against MDHHS
- MDHHS is planning a reprourement of managed Behavioral Health
- Possible cuts to Federal Medicaid more problematic than reprourement
- Brad explained the risk sharing part of the contract between SWMBH and MDHHS- SWMBH has used \$23 million in Internal Service Funds
- Testimony to Michigan House Medicaid and Behavioral Health Appropriations Subcommittee on March 11, 2025 (Michelle will send out a copy of the testimony)

2025 SUDOPB Attendance Report

Michelle Jacobs noted the attendance report for 2025 will be included in each month's packet per County Administrator request.

County Updates

Various county updates were shared.

Public Comment

None

Adjourn

Randall Hazelbaker adjourned the meeting.

Meeting adjourned at 5:31pm



RESOLUTION OF THE SOUTHWEST MICHIGAN SUBSTANCE USE DISORDER OVERSIGHT POLICY BOARD

URGING ACTION TO ADDRESS THE MEDICAID SPECIALTY SUPPORTS AND SERVICES FUNDING SHORTFALL

Approved May 19, 2025

WHEREAS, the Southwest Michigan Substance Use Disorder Oversight Policy Board (SUDOPB) is acutely aware that Michigan's public mental health system is facing a serious and escalating funding crisis driven by several factors including but not limited to the significant reduction in Medicaid eligibles and thus capitation revenue, inflationary pressures on provider and payer costs, increasing demand for services, and expanding regulatory burdens; and

WHEREAS, the Michigan Department of Health and Human Services (MDHHS) is required under state law (MCL 330.1116 and MCL 330.1202) to promote and financially support an adequate and appropriate system of community mental health services programs (CMHSPs); and

WHEREAS, the State of Michigan has lost nearly 700,000 Medicaid beneficiaries since the end of the Public Health Emergency (PHE) resulting in reduced capitation payments to Prepaid Inpatient Health Plans (PIHPs) and CMHs despite continued or increasing demand for behavioral health services; and

WHEREAS, Medicaid capitation payments to Prepaid Inpatient Health Plans for specialty supports and services are not actuarially sound and have not kept pace with medical inflation or broader state budget growth; and

WHEREAS, the MDHHS has repeatedly underspent appropriated specialty supports and services Medicaid funds with a projected \$232 million in underspending in fiscal year 2025, \$138 million in fiscal year 2024 and \$247 million in fiscal year 2023 with these unspent dollars not being directed to meet urgent service needs across Michigan's PIHPs and CMHSPs and ultimately being returned in large part to the federal government; and

WHEREAS, additional factors exacerbating this crisis include skyrocketing inpatient psychiatric and residential costs, significant underfunding of autism services, misclassification of Medicaid eligibles resulting in lost revenue, and a growing administrative burden that diverts staff time and resources away from direct care; and

WHEREAS, failure to adequately fund the public behavioral health system undermines the ability of PIHPs and CMHSPs to meet the needs of the most vulnerable Medicaid eligibles including children with serious emotional disturbance, adults with serious mental illness, persons with autism spectrum disorders and intellectual and developmental disabilities, and those with substance use disorders;

NOW, THEREFORE, BE IT RESOLVED, that the Southwest Michigan Substance Use Disorder Oversight Policy Board urgently calls on the Michigan Department of Health and Human Services, the Michigan Legislature, and the Governor to:

1. **Fully allocate appropriated Medicaid behavioral health funds to PIHPs and CMHSPs** in fiscal year 2025 and beyond.
2. **Release a fiscal year 2025 midyear Medicaid rate adjustment to cover Medicaid expenses statewide.**
3. **Ensure capitation rates are actuarially sound at the regional and local levels** and reflect the actual prospective costs of service delivery.
4. **Rectify the misclassification of Medicaid beneficiaries** ensuring individuals are enrolled in appropriate Medicaid coverage categories with mental health benefits.
5. **Account for added cost drivers** including legislative changes such as paid sick leave and minimum wage increases.
6. **Significantly reduce unnecessary administrative requirements** that increase overhead without improving outcomes.

BE IT FURTHER RESOLVED that copies of this Resolution be transmitted to Governor Gretchen Whitmer, the Michigan Department of Health and Human Services, the leadership of the Michigan Senate and House of Representatives, the Michigan Association of Counties, the SWMBH CMH Boards, county Commissions of SWMBH counties and the Michigan Senators and Representatives of SWMBH counties.

Adopted this 19th day of May, 2025

Randall Hazelbaker, Chairperson
SWMBH Substance Use Disorder Oversight Policy Board

SWMBH Substance Use Disorder Oversight Policy Board

Meeting: May 19, 2025

Amendment Summary

Prevention Works, Prevention Programming, Kalamazoo County

Original Amount Approved:	NA
Amended Request:	\$100,000.00
Additional Funding Request:	\$100,000.00

Overview: Original FY25 funding request was approximately \$175,000 short. Prevention Works is requesting \$100,000 in PA2 funding to help support their prevention programming and coalition work, to meet the increase in demand for these services.

Woodlands Behavioral Health, Cass County, Outreach Case Manager

Original Amount Approved:	NA
Amended Request:	\$45,596.00
Additional Funding Request:	\$45,596.00

Overview: Outreach case manager position is partially funded under SOR 4 which focuses on a Opioid Use Disorder (OUD) and Stimulant Use Disorders (StUD) only. Additional funding will allow case manager to provide services to all customers by screening and identifying customers while incarcerated, involved in criminal justice system or other community programs. The case manager assists them in applying for benefits, finding stable, safe, and drug-free housing, connecting them to treatment or recovery coach services during incarceration and after, following up to assure connections, and advocating to remove barriers both in achieving recovery as well as avoiding incarceration.

Other Notable Items:

Alano Club of Kalamazoo: Originally approved for \$49,500 for FY25. Club indicated that they will not utilize this funding due to organizational and staffing challenges. No Board action needed.

Woodlands Behavioral Health: Contingency Management program was originally approved for \$15,000 of PA2 funding in FY25. This was an error. The request was actually \$10,500 and has been corrected. No Board Action needed.

**SOUTHWEST MICHIGAN BEHAVIORAL HEALTH
ALCOHOL TAX PLAN - FY25
AMENDMENT 2**

	Approved Budget FY 24 Oct-Sep	Approved Budget FY 25 Oct-Sep	Approved Amended 1 Budget FY 25 Oct-Sep	Proposed Amended 2 Budget FY 25 Oct-Sep	Inc/(Dec) over approved FY 25 Budget
Revenue:					
Prior Year(s) Carryover	5,506,649	6,268,549	5,031,840	6,268,549	-
PA2 Revenue	2,110,931	2,184,476	2,110,931	2,184,476	-
Total Revenue	7,617,580	8,453,024	7,142,771	8,453,024	-
Expenses:					
RESIDENTIAL TREATMENT SERVICES	135,106	173,706	173,706	173,706	-
OUTPATIENT TREATMENT SERVICES	2,294,634	2,275,590	2,221,590	2,267,186	45,596
PREVENTION SERVICES	156,000	188,558	292,635	392,635	100,000
Total Expenses	2,585,740	2,637,854	2,687,931	2,833,527	145,596
Total Carryover	5,031,840	5,815,170	4,454,840	5,619,498	(145,596)

**SOUTHWEST MICHIGAN BEHAVIORAL HEALTH
ALCOHOL TAX PLAN - FY25
AMENDMENT 2**

		Approved Budget FY24 Oct-Sep	Approved Budget FY25 Oct-Sep	Approved Amended 1 Budget FY25 Oct-Sep	Proposed Amended 2 Budget FY25 Oct-Sep	Inc/(Dec) over approved FY 25 Budget
Barry						
	OUTPATIENT TREATMENT SERVICES	481,596	150,043	150,043	150,043	-
	PREVENTION SERVICES	-	32,558	75,776	75,776	-
	Total	481,596	182,601	225,819	225,819	-
Berrien						
	OUTPATIENT TREATMENT SERVICES	341,642	401,708	401,708	401,708	-
	PREVENTION SERVICES	100,000	100,000	100,000	100,000	-
	Total	441,642	501,708	501,708	501,708	-
Branch						
	OUTPATIENT TREATMENT SERVICES	25,000	118,139	118,139	118,139	-
	PREVENTION SERVICES	-	-	-	-	-
	Total	25,000	118,139	118,139	118,139	-
Calhoun						
	OUTPATIENT TREATMENT SERVICES	491,535	397,873	397,873	397,873	-
	PREVENTION SERVICES	-	-	-	-	-
	Total	491,535	397,873	397,873	397,873	-
Cass						
	OUTPATIENT TREATMENT SERVICES	93,940	96,403	91,903	137,499	45,596
	PREVENTION SERVICES	-	-	60,859	60,859	-
	Total	93,940	96,403	152,762	198,358	45,596
Kalamazoo						
	RESIDENTIAL TREATMENT SERVICES	107,781	116,381	116,381	116,381	-
	OUTPATIENT TREATMENT SERVICES	609,382	757,166	707,666	707,666	-
	PREVENTION SERVICES	56,000	56,000	56,000	156,000	100,000
	Total	773,163	929,547	880,047	980,047	100,000
St Joseph						
	RESIDENTIAL TREATMENT SERVICES	27,325	57,325	57,325	57,325	-
	OUTPATIENT TREATMENT SERVICES	79,400	84,316	84,316	84,316	-
	PREVENTION SERVICES	-	-	-	-	-
	Total	106,725	141,641	141,641	141,641	-
Van Buren						
	OUTPATIENT TREATMENT SERVICES	172,138	269,942	269,942	269,942	-
	PREVENTION SERVICES	-	-	-	-	-
	Total	172,138	269,942	269,942	269,942	-
All Counties						
	RESIDENTIAL TREATMENT SERVICES	135,106	173,706	173,706	173,706	-
	OUTPATIENT TREATMENT SERVICES	2,294,634	2,275,590	2,221,590	2,267,186	45,596
	PREVENTION SERVICES	156,000	188,558	292,635	392,635	100,000
	Total	2,585,740	2,637,854	2,687,931	2,833,527	145,596

**SOUTHWEST MICHIGAN BEHAVIORAL HEALTH
CASS COUNTY
ALCOHOL TAX PLAN - FY25
AMENDMENT 2**

	Approved Budget FY25 Oct - Sep	Approved Amended 1 Budget FY25 Oct - Sep	Proposed Amended 2 Budget FY25 Oct - Sep	Inc/(Dec) over approved Budget FY25 Oct - Sep	Estimate FY26 Oct - Sep	Estimate FY27 Oct - Sep	Estimate FY28 Oct - Sep
Revenue:							
Prior Year(s) Carryover	616,715	616,715	616,715	-	551,424	481,549	406,954
PA2 Revenue	87,470	87,470	87,470	-	87,470	87,470	87,470
Total Revenue	704,185	704,185	704,185	-	638,894	569,019	494,424
Expense:							
OUTPATIENT TREATMENT SERVICES							
Jail & Outpatient Services	65,673	65,673	65,673	-	67,643	69,672	71,762
Family Education Group	15,730	15,730	15,730	-	16,202	16,688	17,189
Case Management Outreach	-	-	45,596	45,596	-	-	-
Woodland BHN - Contingency Management	15,000	10,500	10,500	-	10,815	11,139	11,474
PREVENTION SERVICES	-	60,859	60,859	-	62,685	64,565	66,502
Total Expenses	96,403	152,762	198,358	45,596	157,345	162,065	166,927
Total Carryover	607,783	551,424	505,828	(45,596)	481,549	406,954	327,497

Note(s)

**SOUTHWEST MICHIGAN BEHAVIORAL HEALTH
KALAMAZOO COUNTY
ALCOHOL TAX PLAN - FY25
AMENDMENT 2**

	Approved Budget FY25 Oct - Sep	Approved Amended 1 Budget FY25 Oct - Sep	Proposed Amended 2 Budget FY25 Oct - Sep	Inc/(Dec) over approved Budget FY25 Oct - Sep	Estimate FY26 Oct - Sep	Estimate FY27 Oct - Sep	Estimate FY28 Oct - Sep
Revenue:							
Prior Year(s) Carryover	2,244,279	2,244,279	2,244,279	-	2,052,529	1,831,895	1,581,511
PA2 Revenue	788,297	788,297	788,297	-	788,297	788,297	788,297
Total Revenue	3,032,576	3,032,576	3,032,576	-	2,840,826	2,620,193	2,369,809
Expenses:							
RESIDENTIAL TREATMENT SERVICES							
CHC - New Beginnings	47,627	47,627	47,627	-	49,056	50,527	52,043
CHC - Bethany House	26,154	26,154	26,154	-	26,939	27,747	28,579
ISK - Oakland Drive Shelter	42,600	42,600	42,600	-	43,878	45,194	46,550
OUTPATIENT TREATMENT SERVICES							
8th District Sobriety Court	26,900	26,900	26,900	-	27,707	28,538	29,394
8th District Probation Court	14,850	14,850	14,850	-	15,296	15,754	16,227
8th District Mental Health Recovery Court	4,950	4,950	4,950	-	5,099	5,251	5,409
9th Circuit Drug Court-Problem Solving Court	80,000	80,000	80,000	-	82,400	84,872	87,418
Alano Club	49,500	-	-	-	-	-	-
CHC - Adolescent Services	21,876	21,876	21,876	-	22,533	23,209	23,905
KCHCS Healthy Babies	87,000	87,000	87,000	-	89,610	92,298	95,067
ISK - Opioid Overdose Response Program (OORP)	100,000	100,000	100,000	-	103,000	106,090	109,273
ISK - Homeless Emergency Response System (FUSE)	33,600	33,600	33,600	-	34,608	35,646	36,716
ISK - MH Court	100,000	100,000	100,000	-	103,000	106,090	109,273
ISK - IDDT Transporation	16,500	16,500	16,500	-	16,995	17,505	18,030
KPEP Social Detox	-	-	-	-	-	-	-
MRS	17,250	17,250	17,250	-	17,250	17,250	17,250
Recovery Institute - Recovery Coach	108,336	108,336	108,336	-	111,586	114,934	118,382
WMU - Jail Groups	85,851	85,851	85,851	-	88,427	91,079	93,812
WMU - BHS Text Messaging	10,552	10,552	10,552	-	10,869	11,195	11,531
PREVENTION SERVICES							
Gryphon Gatekeeper - Suicide Prevention	20,000	20,000	20,000	-	20,600	21,218	21,855
Gryphon Helpline/Crisis Response	36,000	36,000	36,000	-	37,080	38,192	39,338
Prevention Works - ATOD	-	-	75,000	75,000	77,250	79,568	81,955
Prevention Works - Task Force	-	-	25,000	25,000	25,750	26,523	27,318
Total Expenses	929,547	880,047	980,047	100,000	1,008,931	1,038,681	1,069,324
Total Carryover	2,103,029	2,152,529	2,052,529	(100,000)	1,831,895	1,581,511	1,300,484

Note(s)

**SOUTHWEST MICHIGAN BEHAVIORAL HEALTH
PROGRAM BUDGET SUMMARY**

POPULATION(S): ☐ MIA ☐ SED ☐ DDA ☐ DDC ☐ SA

PROGRAM:		PROGRAM	CFDA	DATE PREPARED:
Prevention Works- ATOD Prevention and Task Force		STATE'S OPIOID RES	93.788	5/12/2025
		COMMUNITY BLOCK	93.959	BUDGET PERIOD:
		PUBLIC ACT 2 - PA2	N/A	From: 10/1/2024
CONTRACTOR NAME:		- Please Select -	#N/A	
Prevention Works		- Please Select -	#N/A	To: 9/30/2025
MAILING ADDRESS (Number and Street):		BUDGET AGREEMENT:		
309 N. Burdick St.		<input type="checkbox"/> ORIGINAL <input checked="" type="checkbox"/> AMENDMENT		
CITY:	STATE:	ZIP CODE:	AMENDMENT NO:	FEDERAL TAX ID:
Kalamazoo	MI	49007		38-3264831

EXPENDITURE CATEGORY	ATOD Prevention	Task Force	0	TOTAL BUDGET
1. SALARIES AND WAGES	353,000.00	70,700.00	-	423,700.00
2. FRINGE BENEFITS	77,660.00	15,554.00	-	93,214.00
3. TRAVEL	7,000.00	2,400.00	-	9,400.00
4. SUPPLIES AND MATERIALS	48,416.71	8,000.00	-	56,416.71
5. CONTRACTUAL	53,600.00	27,900.00	-	81,500.00
6. EQUIPMENT	-	-	-	-
7. UTILITIES	8,800.00	2,575.00	-	11,375.00
8. INSURANCE	6,200.00	1,900.00	-	8,100.00
9. REPAIRS AND MAINTENANCE	12,500.00	4,233.00	-	16,733.00
10. RENTAL/ LEASE	10,000.00	3,900.00	-	13,900.00
11. OTHER EXPENSES	20,200.00	10,908.00	-	31,108.00
12. TOTAL DIRECT EXPENDITURES (Sum of Lines 1-11)	\$ 597,376.71	\$ 148,070.00	\$ -	\$ 745,446.71
13. INDIRECT COSTS Rate %	-	-	-	-
14. TOTAL EXPENDITURES FUNDED (Sum of Lines 12-13)	\$ 597,376.71	\$ 148,070.00	\$ -	\$ 745,446.71
SOURCE OF FUNDS				
15. FEES AND COLLECTIONS	-	-	-	-
16. SWMBH	-	-	-	-
17. LOCAL/MATCH	-	-	-	-
18.- 22. SWMBH FUNDING SOURCE				
STATE'S OPIOID RESPONSE	60,862.07	-	-	60,862.07
COMMUNITY BLOCK GRANT - PREVENTION	329,369.47	105,894.69	-	435,264.16
PUBLIC ACT 2 - PA2	75,000.00	25,000.00	-	100,000.00
- Please Select -	-	-	-	-
- Please Select -	-	-	-	-
23. OTHERS	-	-	-	-
24. TOTAL FUNDING	\$ 465,231.54	\$ 130,894.69	\$ -	\$ 596,126.23

SECTION 2.3.: ABILITY TO PAY DETERMINATION

☐ YES

☐ NO

SECTION 2.4: COORDINATION OF BENEFITS

☐ YES

☐ NO

**SOUTHWEST MICHIGAN BEHAVIORAL HEALTH
PROGRAM BUDGET - COST DETAIL**

PROGRAM: ATOD Prevention	BUDGET PERIOD: From: 10/01/24 To: 09/30/25	DATE PREPARED: 05/12/25
CONTRACTOR NAME: Prevention Works	BUDGET AGREEMENT: <input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> AMENDMENT	AMENDMENT NO: 0

1. SALARIES AND WAGES POSITION DESCRIPTION	COMMENTS	FTE REQUIRED	TOTAL SALARY
Chief Executive Officer		0.300	38,000.00
Program Director		0.600	49,000.00
Program Managers		3.000	158,000.00
Program Facilitators		2.500	70,000.00
Prevention Specialist		0.400	30,000.00
Program Assistant		0.400	8,000.00
1. TOTAL SALARIES AND WAGES		7.200	\$ 353,000.00

2. FRINGE BENEFITS (SPECIFY)	COMPOSITE RATE %	22.00%	Amount
<input checked="" type="checkbox"/> FICA <input checked="" type="checkbox"/> HEALTH INS <input type="checkbox"/> HEARING INS <input checked="" type="checkbox"/> SHORT TERM DISB <input checked="" type="checkbox"/> UNEMPLOY INS <input checked="" type="checkbox"/> LIFE INS <input checked="" type="checkbox"/> DENTAL INS <input checked="" type="checkbox"/> LONG TERM DISB <input checked="" type="checkbox"/> RETIREMENT <input checked="" type="checkbox"/> VISION INS <input checked="" type="checkbox"/> WORK COMP <input type="checkbox"/> OTHER: specify			77,660.00
2. TOTAL FRINGE BENEFITS			\$ 77,660.00

3. TRAVEL (Specify if category exceeds 10% of Total Expenditures)	Amount
SUD/Prevention Related Training	7,000.00
3. TOTAL TRAVEL	\$ 7,000.00

4. SUPPLIES AND MATERIALS (Specify if category exceeds 10% of Total Expenditures)	Amount
Program Supplies, curricula, copies, postage, program workbooks, office supplies, incentives	48,416.71
4. TOTAL SUPPLIES AND MATERIALS	\$ 48,416.71

5. CONTRACTUAL (Subcontracts)		Amount
Name	Address	
Krugger Lawton CPAs	2401 W. Centre Ave. Portage, MI 49024	33,600.00
Evaluation Consultation		9,000.00
Other Consultation		11,000.00
5. TOTAL CONTRACTUAL	14	\$ 53,600.00

**SOUTHWEST MICHIGAN BEHAVIORAL HEALTH
PROGRAM BUDGET - COST DETAIL**

6. EQUIPMENT (Specify)	<u>Amount</u>
	-
6. TOTAL EQUIPMENT	\$ -
7. UTILITIES (Specify) Electricity/Heating/AC/Water, etc.	<u>Amount</u> 8,800.00
7. TOTAL UTILITIES	\$ 8,800.00
8. INSURANCE (Specify) Insurance	<u>Amount</u> 6,200.00
8. TOTAL INSURANCE	\$ 6,200.00
9. REPAIRS AND MAINTENANCE (Specify) Maintenance	<u>Amount</u> 12,500.00
9. TOTAL REPAIRS AND MAINTENANCE	\$ 12,500.00
10. RENTAL/LEASE (Specify) Occupancy	<u>Amount</u> 10,000.00
10. TOTAL RENTAL/LEASE	\$ 10,000.00
11. OTHER EXPENSES (Specify) Communication, etc.	<u>Amount</u> 20,200.00
11. TOTAL OTHER EXPENSES	\$ 20,200.00
12. TOTAL DIRECT EXPENDITURES (Sum of Totals 1-11)	\$ 597,376.71
13. INDIRECT COSTS	<u>Amount</u>
INDIRECT RATE 0.00%	-
13. TOTAL INDIRECT COSTS	\$ -
14. TOTAL EXPENDITURES FUNDED (Sum of Lines 12-13) ¹⁵	\$ 597,376.71

**SOUTHWEST MICHIGAN BEHAVIORAL HEALTH
PROGRAM BUDGET - COST DETAIL**

PROGRAM: Task Force	BUDGET PERIOD: From: 10/01/24 To: 09/30/25	DATE PREPARED: 05/12/25
CONTRACTOR NAME: Prevention Works	BUDGET AGREEMENT: <input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> AMENDMENT	AMENDMENT NO: 0

1. SALARIES AND WAGES POSITION DESCRIPTION	COMMENTS	FTE REQUIRED	TOTAL SALARY
Program Director		0.250	21,700.00
Program Manager		1.000	45,000.00
Prevention Specialist		0.100	4,000.00
1. TOTAL SALARIES AND WAGES		1.350	\$ 70,700.00

2. FRINGE BENEFITS (SPECIFY)	COMPOSITE RATE %	22.00%	<u>Amount</u>
<input checked="" type="checkbox"/> FICA <input checked="" type="checkbox"/> HEALTH INS <input checked="" type="checkbox"/> UNEMPLOY INS <input checked="" type="checkbox"/> LIFE INS <input checked="" type="checkbox"/> RETIREMENT <input checked="" type="checkbox"/> VISION INS	<input type="checkbox"/> HEARING INS <input checked="" type="checkbox"/> SHORT TERM DISB <input checked="" type="checkbox"/> DENTAL INS <input checked="" type="checkbox"/> LONG TERM DISB <input checked="" type="checkbox"/> WORK COMP <input type="checkbox"/> OTHER: specify		15,554.00
2. TOTAL FRINGE BENEFITS			\$ 15,554.00

3. TRAVEL (Specify if category exceeds 10% of Total Expenditures)	<u>Amount</u>
SUD/coalition training	2,400.00
3. TOTAL TRAVEL	\$ 2,400.00

4. SUPPLIES AND MATERIALS (Specify if category exceeds 10% of Total Expenditures)	<u>Amount</u>
Training Supplies, office suppliles, meeting materials, copies, postage, campaign materials, etc.	8,000.00
4. TOTAL SUPPLIES AND MATERIALS	\$ 8,000.00

5. CONTRACTUAL (Subcontracts)		<u>Amount</u>
<u>Name</u>	<u>Address</u>	
Krugger Lawton CPAs	2401 W. Centre Ave. Portage, MI 49024	10,300.00
Adams Outdoor Adverstising	407 E. Ransome Kalamazoo 49007	11,000.00
Contractual Other		6,600.00
5. TOTAL CONTRACTUAL		\$ 27,900.00

**SOUTHWEST MICHIGAN BEHAVIORAL HEALTH
PROGRAM BUDGET - COST DETAIL**

6. EQUIPMENT (Specify)	<u>Amount</u>
6. TOTAL EQUIPMENT	\$ -
7. UTILITIES (Specify) Electricity/Heating/AC/Water, etc.	<u>Amount</u> 2,575.00
7. TOTAL UTILITIES	\$ 2,575.00
8. INSURANCE (Specify) Liability Insurance	<u>Amount</u> 1,900.00
8. TOTAL INSURANCE	\$ 1,900.00
9. REPAIRS AND MAINTENANCE (Specify) Maintenance	<u>Amount</u> 4,233.00
9. TOTAL REPAIRS AND MAINTENANCE	\$ 4,233.00
10. RENTAL/LEASE (Specify) Occupancy	<u>Amount</u> 3,900.00
10. TOTAL RENTAL/LEASE	\$ 3,900.00
11. OTHER EXPENSES (Specify) Communication Printing	<u>Amount</u> 7,408.00 3,500.00
11. TOTAL OTHER EXPENSES	\$ 10,908.00
12. TOTAL DIRECT EXPENDITURES (Sum of Totals 1-11)	\$ 148,070.00
13. INDIRECT COSTS INDIRECT RATE 0.00%	<u>Amount</u> -
13. TOTAL INDIRECT COSTS	\$ -
14. TOTAL EXPENDITURES FUNDED (Sum of Lines 12-13) ¹⁷	\$ 148,070.00



PA2 Funding Request: \$100,000 to Meet Urgent Growth Needs

Prevention Works (PW): Transforming Lives, Strengthening Communities

Prevention Works provides health education, violence prevention, and youth development programs to thousands of youth and families across Kalamazoo County. Our culturally responsive, evidence-based services are making a measurable, life-changing impact.

With over 30 years of proven success, we are now facing a historic surge in demand. Requests for our prevention and health education services from schools, agencies that work with justice impacted youth, adults and families, and community organizations have increased by 35–51% during the 2024–25 fiscal year. These services are not just in demand—they are urgently needed.

The Challenge: Rapidly Growing Demand

We are experiencing record-high service requests across all areas of our work, fueled by rising community trauma, widening disparities, and unmet needs. This especially affects individuals experiencing health disparities, justice-impacted families, and residents of high-poverty neighborhoods. The increase reflects broader challenges in our community, including substance use, violence, health inequities, and poverty. In response, we have scaled our outreach, expanded partnerships, and deepened our impact.

Growth in Service Demand (FY24 -25)

Program Area	Increase in Demand
School-Based Prevention Programs <ul style="list-style-type: none">• KPS vaping• KPS referrals restorative interventions to keep youth in school	+35%
Family Program Requests <ul style="list-style-type: none">• Department Health Human Services• Family Children Services• Bethany Christian Services	+100%
Justice-Impacted Referrals <ul style="list-style-type: none">• Kalamazoo County Jail• KPEP• Juvenile Home• Urban Alliance• On-Trac• Intensive Learning Center (ILC)• KEYS program	+50%
New Partnerships	+15%

<ul style="list-style-type: none"> • Increase requests for restorative services for justice-impacted youth and families 	
--	--

Innovative Strategies Driving Impact and Growth at Prevention Works

Regional Health Access Alliance (RHAA):

Prevention Works is expanding the reach and effectiveness of our environmental prevention efforts through the Regional Health Access Alliance. This collaborative initiative is focused on increasing access to critical prevention and intervention services, particularly for individuals facing significant health disparities. By ensuring that affected communities receive services and have a *voice* in decision-making, we are advancing a more inclusive and representative health system. These efforts have elevated our role on both state and local committees, unlocking new opportunities to influence funding decisions and shape policy at the regional and county levels.

Equitable Program Design – A Transformational Framework:

One of our most groundbreaking achievements has been creating and successfully implementing our *Listening Session Framework*. This initiative is designed to eliminate systemic gaps in data, services, and support for substance use prevention, violence intervention, and emotional well-being. Through this model, we engage directly with community members and involve them in the design and decision-making process, ensuring that programs reflect the realities and needs of those we serve. This community-centered approach has proven to be both *transformative* and *affirming*. We now seek funding to scale this model further and provide training to other organizations, spreading collaborative-driven design beyond our region.

Powerful Community Partnerships:

Strong, strategic partnerships have been at the heart of our progress. Collaborating with a diverse network of local and national organizations has expanded our reach, deepened our impact, and created more sustainable solutions. These alliances have allowed us to serve underserved populations better, leveraging collective expertise and resources to address complex community challenges.

Bold Advocacy and Growing Influence:

Our advocacy efforts have grown significantly, positioning Prevention Works as a respected voice for change in the community. We actively influence public discourse, policy, and investment in prevention-focused solutions. Our team’s dedication, combined with robust community engagement and collaborative leadership, has enabled us to elevate the issues that matter most— access and empowerment.

The Solution: Investing in Strategic Growth

We are seeking \$100,000 in PA2 funding to address the following critical needs:

Funding Breakdown

Investment Area	Purpose
Maintain Increase Program Services	Increase program delivery across schools, families, and justice organizations– Prior to

	learning about the significant funding decrease, our organization had mapped out the growth plan for fiscal year 24/25. PW had already hired new staff to commit to the requests. This additional funding would allow PW to maintain staff and meet the increased request demand.
Expand Partnerships	PW partners with schools, courts, jails, housing agencies, and community organizations. We cannot meet this rising need alone, and this investment will ensure that no school, family, or youth is turned away.
Youth Engagement	Expand opportunities for our Youth Leadership Team (part of the KCSATF) to increase awareness of substance use and empower high school students to lead peer education and community advocacy. These youth are from the communities we serve.
Curriculum & Access	Ensuring content meets diverse and intersectional needs.
Family Program Support	Provide transportation, meals, and childcare.
Data & Evaluation	Strengthen impact tracking, measure behavioral outcomes, and equity-based decision-making.

Why This Funding Matters

Due to state-level funding cuts, we are operating below capacity while demand continues to rise. Without immediate support, we risk waitlists and missed opportunities to serve youth and families in need, which will, in turn, continue to lead to increased issues within the community.

This \$100,000 investment will allow Prevention Works to expand at this pivotal moment without sacrificing quality or the ability to help those with the greatest needs.

Join Us

We invite you to invest in this critical growth. Together, we can create a more resilient, connected, and equitable future for Kalamazoo County's youth and families. We can break cycles of hardship, support healing, and build a stronger community.

**SOUTHWEST MICHIGAN BEHAVIORAL HEALTH
PROGRAM BUDGET SUMMARY**

POPULATION(S): ☐ MIA ☐ SED ☐ DDA ☐ DDC ☒ SA

PROGRAM:		PROGRAM	CFDA	DATE PREPARED:
Case Management		STATE'S OPIOID RES	93.788	5/12/2025
		PUBLIC ACT 2 - PA2	N/A	BUDGET PERIOD:
		- Please Select -	#N/A	From: 10/1/2024
CONTRACTOR NAME:		- Please Select -	#N/A	
Woodlands BHN		- Please Select -	#N/A	To: 9/30/2025
MAILING ADDRESS (Number and Street):		BUDGET AGREEMENT:		
960 M-60 East		<input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> AMENDMENT		
CITY:	STATE:	ZIP CODE:	AMENDMENT NO:	FEDERAL TAX ID:
Cassopolis	MI	49031		38-2470901

EXPENDITURE CATEGORY	SOR Case Management	GPRA Services	0	TOTAL BUDGET
1. SALARIES AND WAGES	58,125.00	-	-	58,125.00
2. FRINGE BENEFITS	21,796.88	-	-	21,796.88
3. TRAVEL	3,360.00	-	-	3,360.00
4. SUPPLIES AND MATERIALS	3,000.00	-	-	3,000.00
5. CONTRACTUAL	-	-	-	-
6. EQUIPMENT	-	-	-	-
7. UTILITIES	-	-	-	-
8. INSURANCE	-	-	-	-
9. REPAIRS AND MAINTENANCE	-	-	-	-
10. RENTAL/ LEASE	-	-	-	-
11. OTHER EXPENSES	-	600.00	-	600.00
12. TOTAL DIRECT EXPENDITURES (Sum of Lines 1-11)	\$ 86,281.88	\$ 600.00	\$ -	\$ 86,881.88
13. INDIRECT COSTS Rate %	8,628.19	-	-	8,628.19
14. TOTAL EXPENDITURES FUNDED (Sum of Lines 12-13)	\$ 94,910.06	\$ 600.00	\$ -	\$ 95,510.06
SOURCE OF FUNDS				
15. FEES AND COLLECTIONS	-	-	-	-
16. SWMBH	-	-	-	-
17. LOCAL/MATCH	-	-	-	-
18.- 22. SWMBH FUNDING SOURCE				
STATE'S OPIOID RESPONSE	45,000.00	600.00	-	45,600.00
PUBLIC ACT 2 - PA2	45,595.97	-	-	45,595.97
- Please Select -	-	-	-	-
- Please Select -	-	-	-	-
- Please Select -	-	-	-	-
23. OTHERS	-	-	-	-
24. TOTAL FUNDING	\$ 90,595.97	\$ 600.00	\$ -	\$ 91,195.97

SECTION 2.3.: ABILITY TO PAY DETERMINATION

☐ YES

☒ NO

SECTION 2.4: COORDINATION OF BENEFITS

☐ YES

☒ NO

**SOUTHWEST MICHIGAN BEHAVIORAL HEALTH
PROGRAM BUDGET - COST DETAIL**

PROGRAM: SOR Case Management	BUDGET PERIOD: From: 10/01/24 To: 09/30/25	DATE PREPARED: 05/12/25
CONTRACTOR NAME: Woodlands BHN	BUDGET AGREEMENT: <input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> AMENDMENT	AMENDMENT NO: 0

1. SALARIES AND WAGES POSITION DESCRIPTION	COMMENTS	FTE REQUIRED	TOTAL SALARY
Case Manager	C. Buysse	0.750	58,125.00
1. TOTAL SALARIES AND WAGES		0.750	\$ 58,125.00

2. FRINGE BENEFITS (SPECIFY)	COMPOSITE RATE %	37.50%	Amount
<input checked="" type="checkbox"/> FICA <input checked="" type="checkbox"/> HEALTH INS <input type="checkbox"/> HEARING INS <input checked="" type="checkbox"/> SHORT TERM DISB			21,796.88
<input checked="" type="checkbox"/> UNEMPLOY INS <input checked="" type="checkbox"/> LIFE INS <input checked="" type="checkbox"/> DENTAL INS <input checked="" type="checkbox"/> LONG TERM DISB			
<input checked="" type="checkbox"/> RETIREMENT <input checked="" type="checkbox"/> VISION INS <input checked="" type="checkbox"/> WORK COMP <input type="checkbox"/> OTHER: specify			
2. TOTAL FRINGE BENEFITS			\$ 21,796.88

3. TRAVEL (Specify if category exceeds 10% of Total Expenditures)	Amount
Mileage (400 miles/mo x 12 months x \$0.70 =	3,360.00
3. TOTAL TRAVEL	\$ 3,360.00

4. SUPPLIES AND MATERIALS (Specify if category exceeds 10% of Total Expenditures)	Amount
Office supplies	1,000.00
Laptop	2,000.00
4. TOTAL SUPPLIES AND MATERIALS	\$ 3,000.00

5. CONTRACTUAL (Subcontracts)		Amount
Name	Address	
		-
		-
		-
5. TOTAL CONTRACTUAL	22	\$ -

**SOUTHWEST MICHIGAN BEHAVIORAL HEALTH
PROGRAM BUDGET - COST DETAIL**

6. EQUIPMENT (Specify)	<u>Amount</u> -
6. TOTAL EQUIPMENT	\$ -
7. UTILITIES (Specify)	<u>Amount</u> -
7. TOTAL UTILITIES	\$ -
8. INSURANCE (Specify)	<u>Amount</u> -
8. TOTAL INSURANCE	\$ -
9. REPAIRS AND MAINTENANCE (Specify)	<u>Amount</u> -
9. TOTAL REPAIRS AND MAINTENANCE	\$ -
10. RENTAL/LEASE (Specify)	<u>Amount</u> -
10. TOTAL RENTAL/LEASE	\$ -
11. OTHER EXPENSES (Specify)	<u>Amount</u> -
11. TOTAL OTHER EXPENSES	\$ -
12. TOTAL DIRECT EXPENDITURES (Sum of Totals 1-11)	\$ 86,281.88
13. INDIRECT COSTS	<u>Amount</u> 8,628.19
13. TOTAL INDIRECT COSTS	\$ 8,628.19
14. TOTAL EXPENDITURES FUNDED (Sum of Lines 12-13) ²³	\$ 94,910.06

INDIRECT RATE

10%

**SOUTHWEST MICHIGAN BEHAVIORAL HEALTH
PROGRAM BUDGET - COST DETAIL**

PROGRAM: GPRA Services	BUDGET PERIOD: From: 10/01/24 To: 09/30/25	DATE PREPARED: 05/12/25
CONTRACTOR NAME: Woodlands BHN	BUDGET AGREEMENT: <input type="checkbox"/> ORIGINAL <input type="checkbox"/> AMENDMENT	AMENDMENT NO: 0

1. SALARIES AND WAGES POSITION DESCRIPTION	COMMENTS	FTE REQUIRED	TOTAL SALARY
			-
1. TOTAL SALARIES AND WAGES		0.000	\$ -

2. FRINGE BENEFITS (SPECIFY)	COMPOSITE RATE %	Amount
<input type="checkbox"/> FICA <input type="checkbox"/> HEALTH INS <input type="checkbox"/> HEARING INS <input type="checkbox"/> SHORT TERM DISB <input type="checkbox"/> UNEMPLOY INS <input type="checkbox"/> LIFE INS <input type="checkbox"/> DENTAL INS <input type="checkbox"/> LONG TERM DISB <input type="checkbox"/> RETIREMENT <input type="checkbox"/> VISION INS <input type="checkbox"/> WORK COMP <input type="checkbox"/> OTHER: specify		-
2. TOTAL FRINGE BENEFITS		\$ -

3. TRAVEL (Specify if category exceeds 10% of Total Expenditures)	Amount
3. TOTAL TRAVEL	\$ -

4. SUPPLIES AND MATERIALS (Specify if category exceeds 10% of Total Expenditures)	Amount
4. TOTAL SUPPLIES AND MATERIALS	\$ -

5. CONTRACTUAL (Subcontracts)		Amount
Name	Address	
5. TOTAL CONTRACTUAL	24	\$ -

**SOUTHWEST MICHIGAN BEHAVIORAL HEALTH
PROGRAM BUDGET - COST DETAIL**

6. EQUIPMENT (Specify)		<u>Amount</u>
6. TOTAL EQUIPMENT		\$ -
7. UTILITIES (Specify)		<u>Amount</u>
7. TOTAL UTILITIES		\$ -
8. INSURANCE (Specify)		<u>Amount</u>
8. TOTAL INSURANCE		\$ -
9. REPAIRS AND MAINTENANCE (Specify)		<u>Amount</u>
9. TOTAL REPAIRS AND MAINTENANCE		\$ -
10. RENTAL/LEASE (Specify)		<u>Amount</u>
10. TOTAL RENTAL/LEASE		\$ -
11. OTHER EXPENSES (Specify) GPRA Services		<u>Amount</u> 600.00
11. TOTAL OTHER EXPENSES		\$ 600.00
12. TOTAL DIRECT EXPENDITURES (Sum of Totals 1-11)		\$ 600.00
13. INDIRECT COSTS		<u>Amount</u>
INDIRECT RATE 0.00%		-
13. TOTAL INDIRECT COSTS		\$ -
14. TOTAL EXPENDITURES FUNDED (Sum of Lines 12-13) ²⁵		\$ 600.00

**SOUTHWEST MICHIGAN BEHAVIORAL HEALTH
PROGRAM BUDGET - COST DETAIL**

PROGRAM:	BUDGET PERIOD: From: 10/01/24 To: 09/30/25	DATE PREPARED: 05/12/25
CONTRACTOR NAME: Woodlands BHN	BUDGET AGREEMENT: <input checked="" type="checkbox"/> ORIGINAL <input checked="" type="checkbox"/> AMENDMENT	AMENDMENT NO: 0

1. SALARIES AND WAGES POSITION DESCRIPTION	COMMENTS	FTE REQUIRED	TOTAL SALARY
			-
1. TOTAL SALARIES AND WAGES		0.000	\$ -

2. FRINGE BENEFITS (SPECIFY)	COMPOSITE RATE %	Amount
<input type="checkbox"/> FICA <input type="checkbox"/> HEALTH INS <input type="checkbox"/> HEARING INS <input type="checkbox"/> SHORT TERM DISB <input type="checkbox"/> UNEMPLOY INS <input type="checkbox"/> LIFE INS <input type="checkbox"/> DENTAL INS <input type="checkbox"/> LONG TERM DISB <input type="checkbox"/> RETIREMENT <input type="checkbox"/> VISION INS <input type="checkbox"/> WORK COMP <input type="checkbox"/> OTHER: specify		-
2. TOTAL FRINGE BENEFITS		\$ -

3. TRAVEL (Specify if category exceeds 10% of Total Expenditures)	Amount
3. TOTAL TRAVEL	\$ -

4. SUPPLIES AND MATERIALS (Specify if category exceeds 10% of Total Expenditures)	Amount
4. TOTAL SUPPLIES AND MATERIALS	\$ -

5. CONTRACTUAL (Subcontracts)	Amount																						
<table> <tr> <th>Name</th><th>Address</th></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> </table>	Name	Address																					
Name	Address																						
5. TOTAL CONTRACTUAL	\$ -																						

**SOUTHWEST MICHIGAN BEHAVIORAL HEALTH
PROGRAM BUDGET - COST DETAIL**

6. EQUIPMENT (Specify)		<u>Amount</u>
6. TOTAL EQUIPMENT		-
7. UTILITIES (Specify)		<u>Amount</u>
7. TOTAL UTILITIES		\$ -
8. INSURANCE (Specify)		<u>Amount</u>
8. TOTAL INSURANCE		\$ -
9. REPAIRS AND MAINTENANCE (Specify)		<u>Amount</u>
9. TOTAL REPAIRS AND MAINTENANCE		\$ -
10. RENTAL/LEASE (Specify)		<u>Amount</u>
10. TOTAL RENTAL/LEASE		\$ -
11. OTHER EXPENSES (Specify)		<u>Amount</u>
11. TOTAL OTHER EXPENSES		\$ -
12. TOTAL DIRECT EXPENDITURES (Sum of Totals 1-11)		\$ -
13. INDIRECT COSTS		<u>Amount</u>
INDIRECT RATE 10%		-
13. TOTAL INDIRECT COSTS		\$ -
14. TOTAL EXPENDITURES FUNDED (Sum of Lines 12-13) ²⁷		\$ -

	A	D	E	F	G	H	I	J	K
1	Substance Use Disorders Revenue & Expense Analysis Fiscal Year 2025								
2	For the Fiscal YTD Period Ended 3/31/2025								
4		MEDICAID				Healthy MI			
5		Budgeted	Actual	YTD	Fav	Budgeted	Actual	YTD	Fav
6		YTD Revenue	YTD Revenue	Expense	(Unfav)	YTD Revenue	YTD Revenue	Expense	(Unfav)
7	Barry	106,909	108,305	9,794	98,511	208,447	188,942	11,892	177,050
8	Berrien	402,657	426,994	23,235	403,760	828,525	859,666	54,960	804,707
9	Branch	112,561	115,735	2,383	113,352	193,715	190,470	14,867	175,604
10	Calhoun	446,049	465,898	179,077	286,820	778,978	772,240	440,760	331,480
11	Cass	125,146	126,892	143,791	(16,899)	252,101	223,580	356,444	(132,864)
12	Kazoo	567,452	608,920	97,739	511,181	1,221,679	1,113,733	217,177	896,556
13	St. Joe	160,061	156,583	10,711	145,872	323,049	297,718	28,263	269,456
14	Van Buren	207,934	211,072	1,142	209,929	394,344	344,941	11,547	333,394
15	DRM	1,597,744	1,717,794	1,717,875	(81)	2,885,917	2,826,329	3,473,545	(647,216)
17	Grand Total	3,726,512	3,938,192	2,185,746	1,752,446	7,086,755	6,817,619	4,609,454	2,208,165
19		BLOCK GRANT				BLOCK GRANT BY COUNTY			
20	EGRAMS	Budgeted	Actual	YTD	Fav		Actual	YTD	Fav
21	SUD Block Grant	YTD Revenue	YTD Revenue	Expense	(Unfav)	County	YTD Revenue	Expense	(Unfav)
22	Community Grant	1,738,778	1,675,583	1,675,583	0	Barry	21,711	21,711	0
23	WSS	249,449	89,802	89,802	0	Berrien	140,178	140,178	0
24	Prevention	585,821	595,176	595,176	0	Branch	25,007	25,007	0
25	Admin/Access	193,198	114,959	114,959	0	Calhoun	404,932	404,932	0
26	State Disability Assistance	62,645	67,068	67,068	0	Cass	77,040	77,040	0
27	Gambling Prevention	94,342	78,395	78,395	0	Kazoo	352,677	352,677	0
28	State's Opioid Response 3	700,000	954,680	954,680	0	St. Joe	78,993	78,993	0
29	Partnership for Advancing Coalition	47,500	54,395	54,395	0	Van Buren	56,060	56,060	0
30	Substance Use Disorder - Tobacco 2	2,000	0	0	0	DRM	1,155,768	1,155,768	0
31	ARPA Treatment	190,000	273,382	273,382	0	Admin/Access	108,758	108,758	0
32	ARPA Prevention	72,030	144,060	144,060	0				
33	Mental Health Block Grant						2,421,125	2,421,125	-
34	Transitional Navigators	100,000	77,739	77,739	0				
35	Clubhouse Engagement	12,500	2,654	2,654	0				
36	Veterans Navigator	65,000	43,863	43,863	0				
37	Behavioral Health Disparities	125,000	118,792	118,792	0				
38	Bhvrl Hlth Home Expansion	17,750	0	0	0				
39	Bhvrl Hlth Wrkfrce Stabilization Spprt	34,000	0	0	0				
40	Admin/Access	0	0	6,803	(6,803)	Legend			
41						DRM - Detox, Residential, and Methadone			
42	Grand Total	4,290,011	4,290,548	4,297,350	(6,803)	WSS - Women's Specialty Services			
44		PA2				PA2 Carryforward			
45		Budgeted	Actual	YTD	Fav	Prior Year	Current	Projected	
46		YTD Revenue	YTD Revenue	Expense	(Unfav)	Balance	Utilization	Year End Balance	
47	Barry	102,236	51,118	27,254	23,864	Barry	801,542	23,864	825,406
48	Berrien	429,966	214,983	146,590	68,393	Berrien	767,594	68,393	835,987
49	Branch	82,945	41,472	31,020	10,452	Branch	586,575	10,452	597,027
50	Calhoun	386,483	193,242	193,656	(415)	Calhoun	221,984	(415)	221,569
51	Cass	87,470	43,735	29,504	14,231	Cass	614,452	14,231	628,683
52	Kazoo	788,297	394,149	311,958	82,191	Kazoo	2,206,764	82,191	2,288,955
53	St. Joe	122,580	61,290	74,488	(13,198)	St. Joe	407,237	(13,198)	394,039
54	Van Buren	184,499	92,250	42,970	49,280	Van Buren	543,066	49,280	592,345
55	Grand Total	2,184,476	1,092,238	857,440	234,798		6,149,213	234,798	6,384,011

	E	F	I	J	K	L	M
1	Southwest Michigan Behavioral Health						
2	For the Fiscal YTD Period Ended 9/30/2025			FY25 PIHP			
3	(For Internal Management Purposes Only)						
4		FY24 Budget	FY25 Budget	FY24 Actual as P06	FY25 Actual as P06	FY 25 Projection	
6	REVENUE						
7	Contract Revenue						
8	Medicaid Capitation	230,693,820	256,227,043	124,084,948	128,647,731	257,295,462	
9	Healthy Michigan Plan Capitation	48,606,904	38,407,790	15,996,251	14,095,780	28,191,560	
10	Medicaid Hospital Rate Adjustments	5,963,797	12,089,192	-	6,044,596	12,089,192	
11	Opioid Health Home Capitation	1,863,222	1,610,090	823,360	764,679	1,529,358	
12	Mental Health Block Grant Funding	635,001	653,000	364,779	245,682	491,364	
13	SA Block Grant Funding	7,432,909	7,763,190	3,892,251	4,047,394	8,094,788	
14	SA PA2 Funding	2,110,931	2,184,476	1,055,465	1,092,238	2,184,476	
15							
16	Contract Revenue	297,306,585	318,934,780	146,217,055	154,938,099	309,876,199	
17	CMHSP Incentive Payments	501,957	419,357	105,898	232,976	465,952	
18	PIHP Incentive Payments	-	2,483,291	-	1,067,134	2,134,267	
19	Interest Income - Working Capital	573,177	1,222,315	531,153	241,947	483,895	
20	Interest Income - ISF Risk Reserve	102,887	-	171,048	470,524	941,048	
21	Local Funds Contributions	1,289,352	852,520	453,432	426,260	852,520	
22	Other Local Income					-	
23							
24	TOTAL REVENUE	299,773,958	323,912,264	147,478,586	157,376,940	314,753,880	
25							
26	EXPENSE						
27	Healthcare Cost						
28	Provider Claims Cost	24,396,146	23,023,897	11,975,185	11,463,560	22,927,119	
29	CMHP Subcontracts, net of 1st & 3rd party	233,928,855	263,904,801	126,219,101	128,325,247	256,650,495	
30	Insurance Provider Assessment Withhold (IPA)	3,790,852	3,746,326	1,706,802	1,467,400	2,934,799	
31	Medicaid Hospital Rate Adjustments	5,963,797	12,089,192	-	6,044,596	12,089,192	
33		-	-	-	-	-	
34	Total Healthcare Cost	268,079,650	302,764,215	139,901,087	147,300,803	294,601,605	
35	Medical Loss Ratio (HCC % of Revenue)	90.2%	94.9%	95.7%	95.1%	95.1%	
36							
37	Administrative Cost						
39	Administrative and Other Cost	11,698,386	12,805,756	4,835,646	5,392,895	10,785,791	
44	Delegated Managed Care Admin	22,429,220	24,714,174	12,642,609	15,336,986	30,673,972	
45	Apportioned Central Mgd Care Admin	(0)	(2,665,293)	(852,137)	(1,051,897)	(2,103,795)	
46							
47	Total Administrative Cost	34,127,607	34,854,637	16,626,119	19,677,984	39,355,968	
48	Admin Cost Ratio (MCA % of Total Cost)	11.3%	10.3%	10.6%	12.3%	12.3%	
49							
50	Local Funds Cost	1,289,352	852,520	453,432	426,260	852,520	
51	PBIP Transferred to CMHPs	-	-	-	892,002	1,784,005	
52							
53	TOTAL COST after apportionment	303,496,608	338,471,372	156,980,638	168,297,049	336,594,098	
54							
55	NET SURPLUS before settlement	(3,722,650)	(14,559,107)	(9,502,052)	(10,920,109)	(21,840,217)	
56	Net Surplus (Deficit) % of Revenue	-1.2%	-4.5%	-6.4%	-6.9%	-6.9%	
57							
58	Prior Year Savings Utilization	9,769,410	-	(261,686)	-	-	
59	Change in PA2 Fund Balance	(123,852)	-	-	-	-	
60	ISF Risk Reserve Abatement (Funding)	(102,887)	-	(171,048)	-	-	
61	ISF Risk Reserve Utilization		1,929,280	10,578,820	564,327	564,327	
62	CCBHC Supplemental Receivable (Payable)	6,592	3,813,725		-	-	
63	Settlement Receivable / (Payable)	-	-	(1,425,733)	-	-	
66	NET SURPLUS (DEFICIT)	5,826,612	(8,816,103)	(781,699)	(10,355,782)	(21,275,890)	

	A	B	C	D	E	F	G
1	Southwest Michigan Behavioral Health						
2	For the Fiscal YTD Period Ended 9/30/2025			FY25 CCBHC			
3	(For Internal Management Purposes Only)						
4			FY24 Budget	FY25 Budget	FY24 Actual as P06	FY25 Actual as P06	FY 25 Projection
5							
6	REVENUE						
16	Contract Revenue		85,003,146	94,989,631	31,198,095	52,604,851	105,209,702
17	CMHSP Incentive Payments		-	3,422,650	-	-	-
18							
19	TOTAL REVENUE		85,003,146	98,412,281	31,198,095	52,604,851	105,209,702
20							
21	EXPENSE						
22	Healthcare Cost						
23	CCBHC Subcontracts		82,452,731	82,461,854	32,606,373	37,990,678	75,981,355
24							
25	Total Healthcare Cost		82,452,731	82,461,854	32,606,373	37,990,678	75,981,355
26	Medical Loss Ratio (HCC % of Revenue)		97.0%	83.8%	104.5%	72.2%	72.2%
27							
28							
29	Administrative Cost						
30	Apportioned Central Mgd Care Admin		2,550,415	2,665,293	852,137	1,051,897	2,103,795
31							
32	Total Administrative Cost		2,550,415	2,665,293	852,137	1,051,897	2,103,795
33	Admin Cost Ratio (MCA % of Total Cost)		3.0%	3.1%	2.5%	2.7%	2.7%
34							
35	TOTAL COST		85,003,146	85,127,147	33,458,510	39,042,575	78,085,150
36							
37	NET SURPLUS before non MCA cost		0	13,285,134	(2,260,415)	13,562,276	27,124,553
38	Net Surplus (Deficit) % of Revenue		0.0%	13.5%	-7.2%	25.8%	25.8%
39							
40	CCBHC Non Medicaid Cost		-	(10,261,247)	-	(6,697,312)	(13,394,625)
41							
42	CCBHC Net Surplus/(Deficit)		0	3,023,886	(2,260,415)	6,864,964	13,729,928
43							



**Public Act 2 (PA2) Utilization Report
Fiscal Year 2025**

Program	FY25 Approved Budget	Utilization FY 25 March 2025	PA2 Remaining	YTD Utilization
Barry	225,819	27,254	198,565	12%
Barry County-Adult Specialty Court	81,743	29	81,714	0%
BCCMHA - Outpatient Services	68,300	27,225	41,075	40%
BCCMHA-Prevention Services	75,776	-	75,776	0%
Berrien	501,708	146,590	355,118	29%
Abundant Life - Healthy Start	74,200	37,190	37,010	50%
Berrien MHA - Riverwood Jail Based Assessment	33,184	-	33,184	0%
Berrien County - Treatment Court Programs (DTC)	29,750	-	29,750	0%
Berrien County - Trial Courts (Intake/Assessment Coordinator)	58,274	18,478	39,796	32%
CHC - Jail Services	8,000	2,634	5,366	33%
CHC - Carol's Hope	42,000	-	42,000	0%
CHC - Wellness Group	6,000	2,287	3,713	38%
CHC - Star of Hope Recovery House	60,000	24,673	35,327	41%
Sacred Heart - Juvenile SUD Services	90,300	23,660	66,640	26%
Berrien County Health Department - Prevention Services	100,000	37,669	62,331	38%
Branch	118,139	31,020	87,119	26%
Pines BHS - Outpatient Treatment	30,000	5,774	24,226	19%
Jail Based Clinician	88,139	25,246	62,893	29%
Calhoun	397,873	193,656	204,217	49%
Calhoun County 10th Dist Sobriety Treatment Court	108,586	56,951	51,635	52%
Calhoun County 10th Dist Veteran's Treatment Court	6,050	4,646	1,404	77%
Calhoun County 37th Circuit Drug Treatment Court	213,238	101,969	111,268	48%
Haven of Rest-Haven Life Recovery Program (Men's)	20,000	10,000	10,000	50%
Calhoun County Juvenile SUD Services	25,000	7,590	17,410	30%
Michigan Rehabilitation Services - Calhoun	25,000	12,500	12,500	50%
Cass	152,762	29,504	62,399	19%
Woodlands - Meth Treatment & Drug Court Outpatient Services	65,673	25,297	40,375	39%
Woodlands BHN-Family Education Group	15,730	3,025	12,705	19%
Woodlands BHN-Contingency Management	10,500	1,181	9,319	11%
Woodlands-Prevention Services	60,859	-	60,859	0%
Kalamazoo	880,047	311,957	568,090	35%
CHC - New Beginnings	47,627	23,707	23,920	50%
CHC - Bethany House	26,154	2,975	23,179	11%
ISK - Oakland Drive Shelter	42,600	21,300	21,300	50%
8th District Sobriety Court	26,900	3,879	23,021	14%
8th District General Probation Court	14,850	1,673	13,177	11%
8th District Mental Health Recovery Court	4,950	520	4,430	11%
9th Circuit Problem Solving Courts	80,000	32,731	47,269	41%
Alano Club (\$49,500-original budget request withdrawn)	-	-	-	0%
CHC - Adolescent Services	21,876	1,033	20,843	5%
KCHCS Healthy Babies	87,000	37,202	49,798	43%
ISK - Opioid Overdose Response Program (OORP)	100,000	18,418	81,582	18%
ISK - Homeless Emergency Response System (FUSE)	33,600	16,800	16,800	50%
ISK - Mental Health Services Court	100,000	50,000	50,000	50%
ISK - IDDT Transportation Participant Support	16,500	9,303	7,197	56%

Michigan Rehabilitation Services - Kalamazoo	17,250	8,625	8,625	50%
Recovery Institute - Recovery Coach	108,336	50,525	57,811	47%
WMU - Jail Groups	85,851	-	85,851	0%
WMU - BHS Engagement Via Text Messaging	10,552	5,066	5,486	48%
Gryphon Gatekeeper - Suicide Prevention	20,000	10,200	9,800	51%
Gryphon Helpline/Crisis Response	36,000	18,000	18,000	50%
St. Joseph	141,641	74,488	67,153	53%
CHC - Hope House	57,325	29,742	27,583	52%
3B District - Sobriety Courts	37,040	25,000	12,040	67%
3B District - Drug/Alcohol Testing	3,276	600	2,676	18%
Pivotal (CMH) - Court Ordered Drug Testing/Assessments	44,000	19,146	24,855	44%
Van Buren	269,942	42,970	226,972	16%
Van Buren CMHA- Substance Abuse Treatment	107,964	11,013	96,951	10%
Van Buren CMHA-Recovery Coaching	92,213	4,246	87,967	5%
Van Buren County-Speciality Courts and Pretrial Services	69,765	27,711	42,055	40%
Totals	2,687,930	857,439	1,830,492	32%

December 19, 2024

Keith White
Actuarial Division Director
Michigan Department of Health & Human Services
400 S Pine St.
Lansing, MI 48933

RE: MIDYEAR SFY 2025 CAPITATION RATE CONCERNS

Dear Keith:

Wakely was retained by the Michigan Consortium for Healthcare Excellence (MCHE) to provide actuarial support to MCHE and the ten prepaid inpatient health plan (PIHP) contracts related to the behavioral health managed care program, which is administered by the Michigan Department of Health and Human Services (MDHHS). MDHHS has contracted with Milliman to develop and certify the capitation rates for its behavioral health managed care program.

This letter documents the PIHPs' outstanding rate concerns related to the State Fiscal Year (SFY) 2025 behavioral health capitation rates. This letter is not intended to be exhaustive list of concerns but is intended to inform Milliman and MDHHS of the primary PIHP concerns to ensure that they are considered as Milliman evaluates midyear rate amendments.

Wakely does not intend to create a reliance to third parties, and these materials may not be released to third parties without Wakely's prior written consent. When consent is granted, the materials should be provided in their entirety. Wakely hereby grants permission for MCHE to distribute this letter to MDHHS and Milliman. We relied on information provided by MCHE and Milliman to develop this letter.

SFY 2025 Behavioral Health Rate Concerns

Inaccurate PIHP Area Factors

Milliman's SFY 2025 behavioral health rate certification report summarizes SFY 2023 Medical Loss Ratios (MLRs) as reported in Figure 12. This summary indicates a wide variance of loss ratios across the ten PIHPs.

Table 1: SFY 2023 FSR Reported Adjusted Loss Ratios

PIHP	HMP		Non-HMP		All Populations	
	MLR	<i>Difference from 'All Regions'</i>	MLR	<i>Difference from 'All Regions'</i>	MLR	<i>Difference from 'All Regions'</i>
Northcare	71.8%	3.7%	96.3%	-3.8%	92.8%	-3.5%
Northern MI	90.5%	15.0%	98.4%	-1.7%	97.3%	1.0%
Lakeshore	79.4%	3.9%	93.2%	-6.9%	91.2%	-5.1%
Southwest	82.8%	7.3%	112.3%	12.2%	107.4%	11.1%
Midstate	78.0%	2.5%	105.6%	5.5%	101.1%	4.8%
Southeast	82.3%	6.8%	99.6%	-0.5%	97.3%	1.0%
Detroit-Wayne	72.3%	-3.2%	99.7%	-0.4%	95.4%	-0.9%
Oakland	68.7%	-6.8%	103.2%	3.1%	98.4%	2.1%
Macomb	64.9%	-10.6%	90.4%	-9.7%	87.0%	-9.3%
Region 10	67.7%	-7.8%	93.3%	-6.8%	89.3%	-7.0%
All Regions	75.5%		100.1%		96.3%	

The table above indicates an MLR range of 25.6% for HMP (from 64.9% to 90.5%), 21.9% for non-HMP (from 90.4% to 112.3%), and 20.4% on all populations (from 87.0% to 107.4%). The regional adjustment factors, otherwise known as area factors, are intended to adequately account for differences in regional populations and benefits. The large variance in regional MLRs above indicates that these area factors did not sufficiently account for regional differences in SFY 2023.

PIHPs have compiled the interim SFY 2024 FSRs and initial findings indicate that MLRs continue to vary widely across the PIHPs, further highlighting the need for updates to Milliman's area factor methodology.

Actuarial standard of practice (ASOP) 49, Section 3.2.2 states:

“Capitation rates are usually separately developed and paid in individual capitation rate cells based on characteristics that cause costs to differ materially. Examples of these characteristics include age, gender, qualifying event (for example, maternity delivery), geographic region, Medicaid eligibility group, eligibility for Medicare benefits, diagnosis or risk adjustment factors, and MCO differences.”

While the capitation rates are not certified individually for each PIHP, the area factors are intended to adjust for geographic region differences. The results in Table 1 above clearly indicate that the area factors are not accurately accounting for cost differences in each region.

Insufficient Risk Margin

The SFY 2025 behavioral health rates include a composite risk margin component of 0.75%. Table 1 above indicates the SFY 2023 adjusted composite loss ratio was 96.3%, well above the target loss ratio of 93%. In addition, several PIHPs experienced a loss ratio well above 100%. At these rates, savings and surplus were significantly depleted in SFY 2023. Initial SFY 2024 results indicate similarly high loss ratios, further depleting surplus for many of the PIHPs.

ASOP 49, Section 3.2.12(b) states:

“The actuary should include a provision for underwriting gain, which is typically expressed as a percentage of the premium rate, to provide for the cost of capital and a margin for risk or contingency. The underwriting gain provision provides compensation for the risks assumed by the [PIHP]. These risks may include insurance, investment, inflation, and regulatory risks, as well as risks associated with social, economic, and legal environments. The actuary should consider the effect of any risk sharing arrangements discussed in section 3.2.14, and performance withholds and incentives discussed in section 3.2.15.

The methods used to develop the underwriting gain provision of the capitation rate should be appropriate to the level of capital required and the type and level of risk borne by the [PIHP].”

MDHHS’s contract with the PIHPs establishes a minimum MLR of 85.0% and maintains a risk sharing mechanism for the behavioral health managed care program, which limits the surplus that each PIHP can build in any given year. However, losses are not similarly limited. As Table 1 indicates, recent losses have been significant for several of the PIHPs. The asymmetrical nature of the MLR risk mechanism, combined with the extreme variation in MLRs reported above, elucidates the concern that current risk margin rates are not sufficient.

We request that Milliman provide sufficient documentation supporting the development of the 0.75% risk margin. We suggest the Society of Actuaries (SOA) Medicaid risk margin underwriting model¹ as a helpful starting point for further discussion in determining the appropriate level as well as generating sufficient documentation for the risk margin. We also request that Milliman please confirm recent experience (post-PHE unwinding) has been considered in the determination of the risk margin.

Insufficient SFY 2025 Capitation Rates

Table 1 above indicates an overall adjusted MLR of 96.3%, well above the target of 85%. In their December 13 response to MCHE questions, Milliman states:

“The capitation rates have been developed such that the PIHP would reasonably achieve a MLR of at least 85% by using actual managed care program data as the basis for developing the benefit expense component of the rates and by including non-benefit

¹ <https://www.soa.org/49d28d/globalassets/assets/files/resources/research-report/2022/medicaid-underwriting-margin-model.pdf>

expense costs of less than 15%, which are assumed to be reasonable, appropriate, and attainable. We reviewed the medical loss ratio reports submitted to CMS and considered these past medical loss ratios when setting the actuarially sound capitation rates. We considered the historical medical loss ratios, capitation rate changes, and emerging benefit expense trends when developing the SFY 2025 capitation rates as required by 42 CFR §438.5(b)(5).”

Due to the historically high medical loss ratio (MLR) of 96.3%, we request that Milliman provide detailed explanations regarding how this historical MLR was incorporated into the development of SFY 2025 rates. Both the SFY 2024 and early SFY 2025 data suggest that MLRs will remain elevated, indicating that the target 85% MLR ratio is unlikely to be met for the third consecutive year. We urge Milliman to revisit the emerging MLRs for SFY 2023 and SFY 2024, as a further review may justify a substantial increase in SFY 2025 capitation rates.

Conclusion

This letter was developed on the behalf of the PIHPs to present the concerns related to the SFY 2025 behavioral health capitation rates. We relied on the SFY 2025 rate certification provided by Milliman and on discussions with MCHE and the PIHPs to develop this letter. Suzanna-Grace Tritt is responsible for this communication. I am a Member of the American Academy of Actuaries and a Fellow of the Society of Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to issue this letter. I analyzed the SFY 2022 and SFY 2023 summary experience using sound actuarial practice. To the best of my knowledge, the letter and methods used in the analysis are in compliance with the appropriate Actuarial Standards of Practice with no known deviations.

Outside parties receiving this work should retain their own experts and form their own opinions. Wakely does not intend to create a reliance to these outside parties, and these materials may not be released to third parties without Wakely’s prior written consent, and when consent is granted, the materials should be provided in their entirety.

Users of the results should be qualified to use them and understand the results and the inherent uncertainty. There are no known relevant events subsequent to the date of information received that would impact the results of this letter. Wakely provides actuarial services to a variety of clients throughout the health industry. Our clients include commercial, Medicare, and Medicaid health plans, the federal and state governments, medical providers, and other entities that operate in the domestic and international health insurance markets. Wakely has implemented various internal practices to reduce or eliminate conflict of interest risk in serving our various clients. Except as noted here, the responsible actuaries are financially independent and free from conflict concerning all matters related to performing the actuarial services underlying this analysis. In addition, Wakely is organizationally and financially independent from MCHE.

Please do not hesitate to call if you have any questions or if we may be of additional assistance. Thank you for the opportunity to work on this important project.

Sincerely,

A handwritten signature in black ink, appearing to read "Suzanna-Grace Tritt". The signature is stylized with a large, loopy initial "S" and a distinct "Tritt" at the end.

Suzanna-Grace Tritt, FSA, MAAA
Senior Consulting Actuary
Wakely Consulting Group, LLC, an HMA
Company
(720) 627-8671
suzannagrace.tritt@Wakely.com

PA2 Overview and Budget Planning



Substance Use Disorder Oversight Policy Board, May 19, 2025

Liquor Tax (PA2)

History and Overview:

- Michigan Liquor Control Code:
 - Liquor Specific Tax 4% generated from each county
- Changes to legislation in 2022:
 - SB 1222-23: extends the collection of liquor tax revenue via the State Convention Facility Development Act.
 - Sets a new baseline allocation for each county's distribution in FY23 and is an estimated increase of 48% for the State of Michigan.
 - Changes the required total funds to be used on substance abuse treatment and prevention from 50% to 40% based on the new baseline amount.
 - Baseline allocation is “re-set” every three years (2023, 2026, 2029, etc.).
- The proceeds of the taxing unit shall be distributed to the coordinating agency (PIHP) designated for that county
- Funding is county specific vs. regionally
- Must be used on treatment of prevention services



Liquor Tax (PA2)

SWMBH Budgeting Practice and Process:

- Prior to each fiscal year, SWMBH staff will determine/project the allocation of PA2 resources by county
- Multiple variables are taken into consideration when budgeting. These include, but are not limited to:
 - Projected PA2 revenue per county
 - County carry forward balances and projections
 - Availability of other available funding (Medicaid, Block Grant, other grants, etc.)
 - Needs of county, program outcomes performance, utilization, etc.
- PA2 revenue and allocations to specific providers may change from year to year based on the variables listed above
- PA2 can be carried over from year to year



Liquor Tax (PA2)

SWMBH Budgeting Practice and Process (continued):

- Carry forward reserves are monitored to assure adequate funding for current program expenditures and to assure future programming continues
- Ultimately the goal is to be fiscally responsible, while providing effective SUD treatment and prevention services.
- SWMBH staff will meet and communicate with providers, key stake holders, and board members as needed.

Role of the Oversight Policy Board:

- Approval of any portion of SWMBH's budget that contract PA2 funds for the treatment and prevention of substance use disorders



Budget Calendar

FY 2026 Budget Event	Date:
Initial Budgets Due	Monday, June 16
Revised Budgets Due (if necessary)	Monday, August 4
Final Budgets Due	Monday, August 18
Budget to SUD Oversight Policy Board	Tuesday, September 8
SUD Oversight Policy Board Meeting	Monday, September 15



**SOUTHWEST MICHIGAN BEHAVIORAL HEALTH
BARRY COUNTY
ALCOHOL TAX PLAN - FY26**

	Approved	Approved Amended	Projected	Proposed			
	Budget FY25 Oct - Sep	Budget FY25 Oct - Sep	Revenue/Expense FY 25 Oct - Mar	Budget FY26 Oct - Sep	Estimate FY27 Oct - Sep	Estimate FY28 Oct - Sep	Estimate FY29 Oct - Sep
Revenue:							
Prior Year(s) Carryover	811,902	811,902	849,269	739,536	629,803	513,711	391,069
PA2 Revenue	102,236	102,236	102,236	102,236	102,236	102,236	102,236
Total Revenue	914,138	914,138	951,505	841,772	732,039	615,947	493,305
Expenses:							
OUTPATIENT TREATMENT SERVICES							
Barry County Community Mental Health Authority - Jail Service:	68,300	68,300	54,450	54,450	56,084	57,766	59,499
Barry County - Adult Specialties Court	81,743	81,743	81,743	81,743	84,195	86,721	89,323
PREVENTION SERVICES	32,558	75,776	75,776	75,776	78,049	80,390	82,802
Total Expenses	182,601	225,819	211,969	211,969	218,328	224,877	231,624
Total Carryover	731,537	688,319	739,536	629,803	513,711	391,069	261,681

Note(s)

**SOUTHWEST MICHIGAN BEHAVIORAL HEALTH
BERRIEN COUNTY
ALCOHOL TAX PLAN - FY26**

	Approved Budget FY 25 Oct - Sep	Projected Revenue/Expense FY 25 Oct - Mar	Proposed Budget FY 26 Oct - Sep	Estimate FY27 Oct - Sep	Estimate FY28 Oct - Sep	Estimate FY29 Oct - Sep
Revenue:						
Prior Year(s) Carryover	777,491	904,380	883,808	863,236	829,148	781,138
PA2 Revenue	429,966	429,966	429,966	429,966	429,966	429,966
Total Revenue	1,207,457	1,334,346	1,313,774	1,293,202	1,259,113	1,211,104
Expenses:						
OUTPATIENT TREATMENT SERVICES						
Abundant Life - Healthy Start	74,200	74,200	74,200	76,426	78,719	81,080
Berrien MHA - Riverwood Jail Based Drug Assessment	33,184	33,184	33,184	34,180	35,205	36,261
Berrien County - DTC	29,750	29,750	29,750	30,643	31,562	32,509
Berrien County - Trial courts (Intake Coordinator)	58,274	55,435	55,435	57,098	58,811	60,575
CHC - Jail	8,000	5,267	5,267	5,425	5,588	5,755
CHC- Carol's Hope	42,000	42,000	42,000	43,260	44,558	45,895
CHC - Wellness Grp	6,000	4,573	4,573	4,711	4,852	4,997
CHC - Star of Hope Recovery House	60,000	49,345	49,345	50,825	52,350	53,921
Sacred Heart	90,300	56,784	56,784	58,487	60,242	62,049
PREVENTION SERVICES	100,000	100,000	100,000	103,000	106,090	109,273
Total Expenses	501,708	450,538	450,538	464,054	477,975	492,315
Total Carryover	705,749	883,808	863,236	829,148	781,138	718,789

Note(s)

**SOUTHWEST MICHIGAN BEHAVIORAL HEALTH
BRANCH COUNTY
ALCOHOL TAX PLAN - FY26**

	Approved Budget FY25 Oct - Sep	Projected Revenue/Expense FY 25 Oct - Mar	Proposed Budget FY26 Oct - Sep	Estimate FY27 Oct - Sep	Estimate FY28 Oct - Sep	Estimate FY29 Oct - Sep
Revenue:						
Prior Year(s) Carryover	591,264	607,479	612,511	617,543	620,237	620,524
PA2 Revenue	82,945	82,945	82,945	82,945	82,945	82,945
Total Revenue	674,209	690,424	695,456	700,487	703,182	703,469
Expenses:						
OUTPATIENT TREATMENT SERVICES						
Outpatient Treatment	30,000	17,322	17,322	17,842	18,377	18,928
Jail Base Clinician	88,139	60,591	60,591	62,409	64,281	66,209
PREVENTION SERVICES	-	-	-	-	-	-
Total Expenses	118,139	77,913	77,913	80,250	82,658	85,138
Total Carryover	556,070	612,511	617,543	620,237	620,524	618,331

Note(s)

**SOUTHWEST MICHIGAN BEHAVIORAL HEALTH
CALHOUN COUNTY
ALCOHOL TAX PLAN - FY26**

	Approved Budget FY25 Oct - Sep	Projected Revenue/Expense FY25 Oct - Mar	Proposed Budget FY26 Oct - Sep	Estimate FY27 Oct - Sep	Estimate FY28 Oct - Sep	Estimate FY29 Oct - Sep
Revenue:						
Prior Year(s) Carryover	266,468	221,154	225,847	230,540	223,779	205,221
PA2 Revenue	386,483	386,483	386,483	386,483	386,483	386,483
Total Revenue	652,951	607,637	612,330	617,023	610,262	591,704
Expense:						
OUTPATIENT TREATMENT SERVICES						
10th Dist Drug Sobriety Court	108,586	108,586	108,586	111,843	115,198	118,654
10th Dist Veteran's Court	6,050	6,050	6,050	6,232	6,418	6,611
37th Circuit Drug Treatment Court	213,238	203,939	203,939	210,057	216,359	222,849
Haven of Rest	20,000	20,000	20,000	20,600	21,218	21,854
MRS	25,000	25,000	25,000	25,750	26,522	27,318
Calhoun County Youth Center	25,000	18,217	18,217	18,763	19,326	19,906
PREVENTION SERVICES						
Substance Abuse Council	-	-	-	-	-	-
Substance Abuse Prevention Services	-	-	-	-	-	-
Total Expenses	397,873	381,790	381,790	393,244	405,041	417,193
Total Carryover	255,078	225,847	230,540	223,779	205,221	174,511

Note(s)

PREVENTION SERVICES						
Substance Abuse Council	284,605	284,605	284,605	293,143	301,937	310,996
Substance Abuse Prevention Services	114,832	114,832	114,832	118,277	121,826	125,480
Total Expenses	399,437	399,437	399,437	411,420	423,763	436,476

Prevention services are funded through block grant

Notes:

**SOUTHWEST MICHIGAN BEHAVIORAL HEALTH
CASS COUNTY
ALCOHOL TAX PLAN - FY26**

	Approved Budget FY25 Oct - Sep	Approved Amended Budget FY25 Oct - Sep	Projected Revenue/Expense FY 25 Oct - Mar	Proposed Budget FY26 Oct - Sep	Estimate FY27 Oct - Sep	Estimate FY28 Oct - Sep	Estimate FY29 Oct - Sep
Revenue:							
Prior Year(s) Carryover	616,715	616,715	642,915	564,450	485,985	402,542	313,972
PA2 Revenue	87,470	87,470	87,470	87,470	87,470	87,470	87,470
Total Revenue	704,185	704,185	730,385	651,920	573,455	490,012	401,442
Expense:							
OUTPATIENT TREATMENT SERVICES							
Jail & Outpatient Services	65,673	65,673	50,595	50,595	52,113	53,676	55,287
Family Education Group	15,730	15,730	6,050	6,050	6,232	6,418	6,611
Case Management Outreach	-	45,596	45,596	45,596	46,964	48,373	49,824
Woodland BHN - Contingency Management	15,000	10,500	2,835	2,835	2,920	3,008	3,098
							-
PREVENTION SERVICES	-	60,859	60,859	60,859	62,685	64,565	66,502
Total Expenses	96,403	198,358	165,935	165,935	170,913	176,040	181,322
Total Carryover	607,783	505,828	564,450	485,985	402,542	313,972	220,120

Note(s)

**SOUTHWEST MICHIGAN BEHAVIORAL HEALTH
KALAMAZOO COUNTY
ALCOHOL TAX PLAN - FY26**

	Approved Budget FY25 Oct - Sep	Approved Amended Budget FY25 Oct - Sep	Projected Rev/Exp FY 25 Oct - Mar	Proposed Budget FY26 Oct - Sep	Estimate FY27 Oct - Sep	Estimate FY28 Oct - Sep	Estimate FY29 Oct - Sep
Revenue:							
Prior Year(s) Carryover	2,244,279	2,244,279	2,371,146	2,300,025	2,228,904	2,132,518	2,010,109
PA2 Revenue	788,297	788,297	788,297	788,297	788,297	788,297	788,297
Total Revenue	3,032,576	3,032,576	3,159,443	3,088,322	3,017,201	2,920,815	2,798,406
Expenses:							
RESIDENTIAL TREATMENT SERVICES							
CHC - New Beginnings	47,627	47,627	47,414	47,414	48,837	50,302	51,811
CHC - Bethany House	26,154	26,154	26,154	26,154	26,939	27,747	28,579
ISK - Oakland Drive Shelter	42,600	42,600	42,600	42,600	43,878	45,194	46,550
OUTPATIENT TREATMENT SERVICES							
8th District Sobriety Court	26,900	26,900	15,516	15,516	15,982	16,461	16,955
8th District Probation Court	14,850	14,850	6,694	6,694	6,894	7,101	7,314
8th District Mental Health Recovery Court	4,950	4,950	2,079	2,079	2,142	2,206	2,272
9th Circuit Drug Court-Problem Solving Court	80,000	80,000	65,462	65,462	67,426	69,449	71,532
Alano Club	49,500	-	-	-	-	-	-
CHC - Adolescent Services	21,876	21,876	21,876	21,876	22,533	23,209	23,905
KCHCS Healthy Babies	87,000	87,000	74,404	74,404	76,636	78,935	81,303
ISK - Opioid Overdose Response Program (OORP)	100,000	100,000	36,835	36,835	37,940	39,079	40,251
ISK - Homeless Emergency Response System (FUSE)	33,600	33,600	33,600	33,600	34,608	35,646	36,716
ISK - MH Court	100,000	100,000	100,000	100,000	103,000	106,090	109,273
ISK - IDDT Transportation	16,500	16,500	16,500	16,500	16,995	17,505	18,030
MRS	17,250	17,250	17,250	17,250	17,250	17,250	17,250
Recovery Institute - Recovery Coach	108,336	108,336	101,050	101,050	104,082	107,204	110,420
WMU - Jail Groups	85,851	85,851	85,851	85,851	88,427	91,079	93,812
WMU - BHS Text Messaging	10,552	10,552	10,132	10,132	10,436	10,750	11,072
PREVENTION SERVICES							
Gryphon Gatekeeper - Suicide Prevention	20,000	20,000	20,000	20,000	20,600	21,218	21,855
Gryphon Helpline/Crisis Response	36,000	36,000	36,000	36,000	37,080	38,192	39,338
Prevention Works - ATOD	-	75,000	75,000	75,000	77,250	79,568	81,955
Prevention Works - Task Force	-	25,000	25,000	25,000	25,750	26,523	27,318
Total Expenses	929,547	980,047	859,418	859,418	884,683	910,706	937,510
Total Carryover	2,103,029	2,052,529	2,300,025	2,228,904	2,132,518	2,010,109	1,860,897

Note(s)

**SOUTHWEST MICHIGAN BEHAVIORAL HEALTH
ST. JOSEPH COUNTY
ALCOHOL TAX PLAN - FY26**

	Approved Budget FY25 Oct - Sep	Projected Revenue/Expense FY25 Oct-Mar	Proposed Budget FY26 Oct - Sep	Estimate FY27 Oct - Sep	Estimate FY28 Oct - Sep	Estimate FY29 Oct - Sep
Revenue:						
Prior Year(s) Carryover	398,992	380,842	368,966	357,090	341,180	321,116
PA2 Revenue	122,580	122,580	122,580	122,580	122,580	122,580
Total Revenue	521,572	503,422	491,546	479,670	463,760	443,696
Expenses:						
RESIDENTIAL TREATMENT SERVICES						
Hope House	57,325	57,325	57,325	59,045	60,816	62,641
OUTPATIENT TREATMENT SERVICES						
3B District - Sobriety Courts	37,040	37,040	37,040	38,151	39,296	40,475
3B District - Drug/Alcohol Testing	3,276	1,800	1,800	1,854	1,910	1,967
CMH Drug Testing/Assessments	44,000	38,291	38,291	39,440	40,623	41,842
PREVENTION SERVICES	-	-	-	-	-	-
Total Expenses	141,641	134,456	134,456	138,490	142,644	146,924
Total Carryover	379,931	368,966	357,090	341,180	321,116	296,772

Note(s)

**SOUTHWEST MICHIGAN BEHAVIORAL HEALTH
VAN BUREN COUNTY
ALCOHOL TAX PLAN - FY26**

	Approved Budget FY25 Oct - Sep	Projected Revenue/Expense FY25 Oct - Mar	Proposed Budget FY26 Oct - Sep	Estimate FY27 Oct - Sep	Estimate FY28 Oct - Sep	Estimate FY29 Oct - Sep
Revenue:						
Prior Year(s) Carryover	567,346	641,625	606,227	570,828	528,833	480,042
PA2 Revenue	184,499	184,499	184,499	184,499	184,499	184,499
Total Revenue	751,846	826,124	790,726	755,327	713,332	664,542
Expenses:						
OUTPATIENT TREATMENT SERVICES						
Van Buren CMHA	107,964	80,973	80,973	83,402	85,904	88,481
Van Buren CMHA-Recovery Coaching	92,213	69,160	69,160	71,235	73,372	75,573
Van Buren Circuit Court-Specialty Court	69,765	69,765	69,765	71,858	74,014	76,234
PREVENTION SERVICES	-	-	-	-	-	-
Total Expenses	269,942	219,898	219,898	226,495	233,289	240,288
Total Carryover	481,904	606,227	570,828	528,833	480,042	424,253

Note(s)

FY25 MID-YEAR PA2 FUNDED OUTCOMES REPORT

Reporting Period 10/1/24- 3/31/25



Brief History



- Each county independently determines how local PA2 SUD funds are allocated.
- Each provider is responsible for submitting their own outcome measures.
- SWMBH collaborates with providers to ensure that outcome measures are specific, measurable, attainable, and time-limited.
- SWMBH supports providers in evaluating the effectiveness of their programs.

Overview of PA2 Funded programs: Mid Year FY25

23 Providers

50 Programs

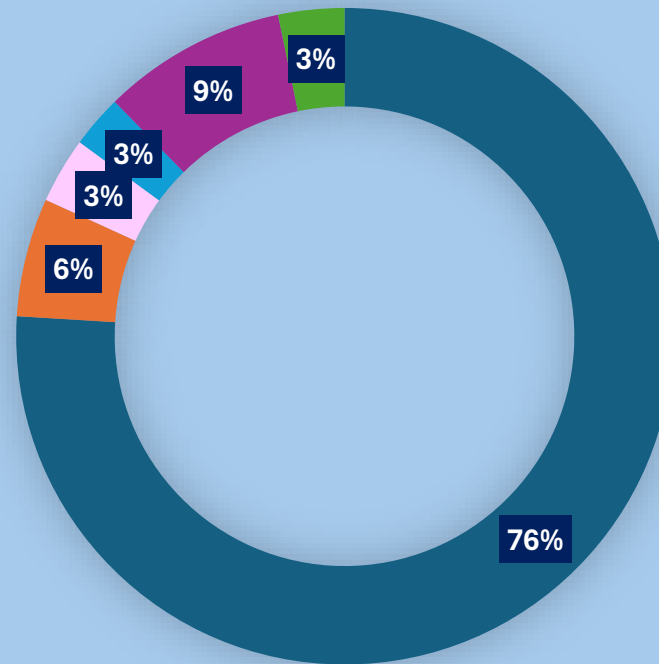
154 Outcome Measures

Mid Year Measurement Definitions

- **Met:** Clearly meets or exceeds outcome.
- **Not Met:** Not meeting outcome.
- **On Target:** Program is either very close to meeting outcome or is on target to meeting the outcome at the end of the year (e.g.: within 10%).
- **In Progress:** Longer term projects that involve more planning, delayed implementation, or data collection.
- **Information Not Applicable :** No data is available because no consumers met the criteria for this measurement.
- **Not received:** Provider did not submit their data.



PA2 Mid-Year Outcomes Summary: FY25



■ Met ■ Not Met ■ In Progress ■ On Target ■ NA ■ Not Received

Summary by County

County	Total Measures	Met	Not Met	In Progress	On Target	NA	Information Not Received
Barry	6	6	0	0	0	0	0
Berrien	30	18	1	4	1	0	5
Branch	5	1	1	0	0	3	0
Cass	4	3	0	0	1	0	0
Calhoun	20	20	0	0	0	0	0
Kalamazoo	67	55	5	0	1	6	0
Saint Joe	8	7	0	0	0	1	0
Van Buren	14	7	2	1	0	4	0
	154	117	10⁵⁶	5	3	14	5

Reporting Examples

Met:

Measure: 65% of residents will maintain a drug free lifestyle while at New Beginnings.

Result: 84% (32/38 clients) tested negative for substances during this reporting period. 6 tested positive or admitted to a return to use while in recovery housing

Not Met:

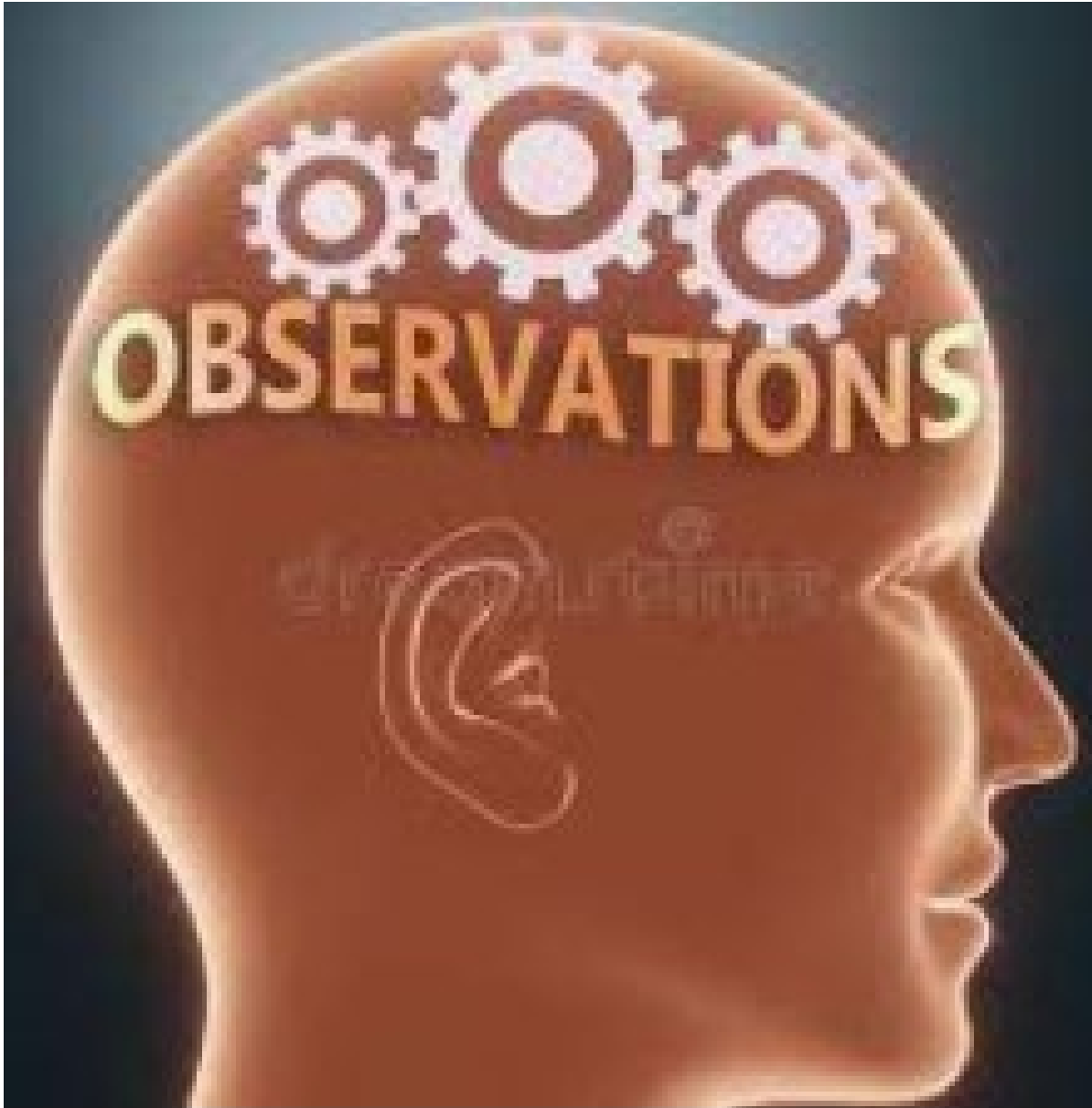
Measure: 85% of program participants will remain abstinent during program participation through the support of drug testing and access to ignition interlock as evidenced by negative drug test results.

Result: 74.2% of participants are remaining abstinent (of 93 participants 69 have tested positive)

On Target:

Measure: 45% of participants who are referred to SUD treatment from the assessment will follow through with SUD treatment services (defined as attending 3 sessions).

Result: 12/30 = 40% of participants that have data available followed through with SUD treatment attending 3 sessions.



- *SWMBH works closely with providers to create clear, specific, and timely measures, and regularly reviews program use and effectiveness.*
- *Specialty courts like drug, sobriety, and veterans' courts continue to see strong demand for their services.*
- *Staff shortages and turnover continue to have a negative impact on service delivery.*
- *Providers identify and analyze factors that impact their results and work on solutions to improve their programs' success.*
- *Several programs consistently meet their goals, likely because they have established effective strategies.*

Subject:

RELEASE: Gov. Whitmer Releases Data on Devastating Impact of Proposed Medicaid Cuts on Michigan Seniors



FOR IMMEDIATE RELEASE

May 8, 2025

Contact: press@michigan.gov

Gov. Whitmer Releases Data on Devastating Impact of Proposed Medicaid Cuts on Michigan Seniors

New MDHHS report shows Medicaid cuts could gut \$325 million from nursing homes, terminate health care for 750,000 Michiganders

LANSING, Mich. – Today, Governor Gretchen Whitmer released data on the devastating impact of proposed Medicaid cuts on Michigan seniors that rip \$325 million away from nursing homes and weaken community-based services that support vulnerable seniors. Yesterday, the Michigan Department of Health and Human Services (MDHHS) released a report laying out the potential impact of the cuts on people's health across Michigan.

Medicaid & Seniors

Medicaid covers 168,000 seniors, ensuring they have access to the critical care, prescription drugs, and medical procedures they need to stay safe and healthy. Michigan's nursing homes receive over \$3 billion in Medicaid funding per year, and three in five nursing home residents are on Medicaid. Proposed cuts would gut at least \$325 million in funding directly from Michigan nursing homes.

Home and Community Based Services (HCBS) providers—who support vulnerable seniors and persons with disabilities living in the community—receive more than \$1.5 billion in Medicaid dollars each year. The services they provide range from personal care and counseling to elder abuse prevention, energy assistance, and transportation.

"Medicaid provides a lifeline to 2.6 million Michiganders, including 168,000 seniors and three in five nursing home residents," said **Governor Whitmer**. "Deep cuts to Medicaid would terminate health care for 750,000 of our friends, neighbors, and families. They will lead to our seniors going without care and getting sicker for no reason. They deserve to enjoy their golden years without worrying about whether or not they can see an eye doctor for glasses, access critical prescription drugs, or home meal delivery. Let's keep advocating for home and community-based providers who do

incredibly valuable, often thankless work in communities across Michigan, caring for vulnerable seniors and people living with disabilities.”

“Medicaid makes a difference for seniors in every corner of Michigan, from rural towns in the U.P. to downtown Detroit,” said **Lt. Governor Garlin Gilchrist II**. “Cutting Medicaid will terminate care for vulnerable seniors who rely on Medicaid to pay for nursing home care and access Home and Community Based Services. These unacceptable cuts will make people sicker and impact families and caregivers who already work so hard to care for their loved ones. We’ll stand tall to protect Michigan seniors and ensure Michigan can continue to be the best place to retire.”

“The Medicaid cuts being considered by Congress would create a \$2 billion hole in the state's budget that we cannot afford to fill,” **State Budget Director Jen Flood** said. “What Congress is proposing would mean painful cuts to seniors’ access to health care, public safety, education and services for veterans.”

“The data released by Governor Whitmer today confirms what health care advocates have been warning for months—Medicaid cuts of this magnitude would devastate Michigan’s seniors,” said **Monique Stanton, President and CEO of the Michigan League for Public Policy**. “Stripping \$325 million from nursing homes and slashing community-based services would force vulnerable older adults out of the care they rely on and into crisis. The MDHHS report makes it painfully clear: these cuts aren’t just numbers on a page—they represent real harm to real people across our state. We urge Congress to reject these dangerous proposals and protect the care that keeps Michigan’s seniors safe, healthy, and independent.”

“Cutting Medicaid is an all-out assault on working families that will hurt all of us – especially children, seniors and those most vulnerable. Cuts will mean less jobs for our nurses who care for our communities, public safety officers who keep our neighborhoods safer, school workers who educate our children and so much more, said **Gino Carbenia, Executive Director of AFSCME Michigan**. “These cuts will not only be devastating for our members, but also the communities we work in.”

"As a Medicaid-funded nursing home, we rely on that funding to support and care for our residents," said **Sharon Fowler, CNA at Nexcare Lakepointe in Clinton Township**. "We already struggle with short-staffing, and cuts would further challenge the care we can provide. Imagine it's your grandparent, sibling, mother, or child. In a severe short-staffing situation, we would have to rush to feed, clean, bathe, and see to their medical concerns. Cuts to Medicaid would lead to a catastrophic situation. It will create layoffs and at worst could lead to the closing of care facilities. We cannot let that happen. "

Medicaid Executive Directive

The report was compiled in response to [Executive Directive 2025-3 from Gov. Gretchen Whitmer](#), which directed MDHHS to identify the potential impact Republican-proposed cuts to Medicaid would have on Michiganders’ health.

Republican-Proposed Cuts to Medicaid

Recently, Republicans in Congress announced a plan to cut \$880 billion from Medicaid, so they can deliver a \$4 trillion tax cut that would primarily benefit the rich. If passed, this would be the largest cut to Medicaid in its 60-year history. Nationwide, millions would lose access to health care and the cost of health care will go up for every single American.

In Michigan, as many as 750,000 people could lose access to basic, lifesaving health care. The cuts will be particularly stark in small town and rural Michigan where 37% of residents are covered by Medicaid. Additionally, they would force providers in Michigan to close their doors and reduce the variety of services, affecting coverage for those who can least afford care, including children, disabled people, and the elderly.

Medicaid's Role in Supporting Michigan's Economy

Medicaid plays a key role in supporting the health of Michigan's economy. Michigan’s health care industry has a total economic impact of \$77 billion per year: greater than any other industry in the state. Medicaid expansion alone sparked

the creation of more than 30,000 new jobs. These jobs boost the personal spending power for Michigan residents by about \$2.3 billion each year, resulting in an estimated \$150 million in tax revenue annually.

If Republicans succeed, Michigan hospitals could lose out on half a billion dollars in Medicaid funding annually, threatening thousands of jobs. As a result, hospitals in local and rural communities across Michigan will close, threatening access to care, raising prices, and forcing people to drive further for health care. This could drive Michiganders out of our state, reducing our population growth and crippling our economy.

Supporting Michigan Seniors

Since taking office, the Whitmer-Gilchrist administration has worked to expand access to quality, affordable health care and deliver for Michigan seniors.

- Rolled back the retirement tax, saving half a million households an average of \$1,000 a year.
- Launched the Health and Aging Services Administration and expanded Michigan's Program of All-Inclusive Care for the Elderly (PACE) program strengthening the continuum of support and services to older Michiganders.
- Became the first "Age-Friendly State" in the Midwest.
- Extended Healthy Michigan Plan to over one million people, expanding access to care and lowering costs for working families.
- Signed bills codifying the Affordable Care Act into state law, protecting care for millions.
- Expanded access to dental care for Medicaid or Healthy Michigan enrollees, lowering their costs. Expanded access to telemedicine and required insurers to cover telehealth.
- Committed to working across the aisle to reduce the burden of medical debt for nearly 750,000 Michiganders.

###

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Protecting People Over Profit

Public Management of Michigan's Behavioral Health System



On February 28, 2025 the Michigan Department of Health and Human Services (MDHHS) announced that they are seeking public input through an online survey as the department moves to a competitive procurement process for the state's Pre-Paid Inpatient Health Plan (PIHP) contracts. **Our concern is that such bid-out plans, in the past, have opened the door to the privatization of Michigan's public mental health system.**

Unmandated Competitive Procurement: A Risky Proposal That Adds Chaos to Care



Potential funding cuts on the horizon



Disrupts care and creates confusion for those relying on critical services



Procurement process is NOT being driven by Federal rules or requirements

Rather Than a Chaotic Competitive Procurement Process, Take Real Steps to Collectively Solving Core Issues

HOW BEST TO IMPROVE ACCESS TO CARE & SERVICES FOR PEOPLE IN NEED

Sufficient Funding



Ensure & Enhance Local Voice



Reduce Administrative Overhead



Increase Workforce & Network Capacity

• Sufficient Funding

Funding for the core mental health and I/DD services has remained FLAT over the past 5 fiscal years (including \$0 general fund increase) while medical inflation has increased by over 10%* and Medicaid expenses have increased by nearly 25%. **Inadequate funding leads to shortages in available services, long wait times, and a lack of quality mental health providers.**

• Ensure & Enhance Local Voice

Only a publicly managed system protects local input. **Privatization removes people's power, shifting care decisions to out-of-state boards with no direct ties to Michigan communities.**

• Reduce Administrative Overhead

Collectively PIHPs have a MLR (Medical Loss Ratio) of 96.3%. The ONLY way to reduce layers and ensure more money goes directly into services is by reducing administrative overhead, which has dramatically increased over the past 5 years. **More bureaucracy means longer wait times, more hoops to jump through, and fewer resources for essential care.**

• Increase Workforce & Network Capacity

3/4 of Michigan's public mental health organizations are experiencing workforce gaps despite salary increases or retention bonuses. Top reasons people leave the public mental health field: (1) too much paperwork / administrative hoops to jump through, and (2) better pay and work life balance. **A shortage of mental health workers means longer wait times, fewer available services—leaving Michigan's most vulnerable without the support they need.**

*According to the U.S. Bureau of Labor Statistics

Drivers of Budget Shortfalls

in Michigan's Public Mental Health System



Michigan's public mental health system is facing significant funding challenges due to several factors, chief among them the loss of Medicaid funds as people lose coverage, flat funding for core services being outpaced by rising medical inflation, skyrocketing program costs, and an unrelenting administrative burden from state regulators.

Loss of Medicaid Covered Lives + Increased Demand for Services

Michigan's public mental health system receives a payment for everyone enrolled in Medicaid. The public mental health system consistently services 300,000 – 350,000/year.

Enrollees have decreased by 700K since the end of the Public Health Emergency (PHE)

Demand for services continues to increase



Skyrocketing Inpatient Psychiatric Hospital Costs

↑ **30%+**

Increase in psychiatric hospitalizations since the end of the PHE. (Demand)

↑ **\$1250+**

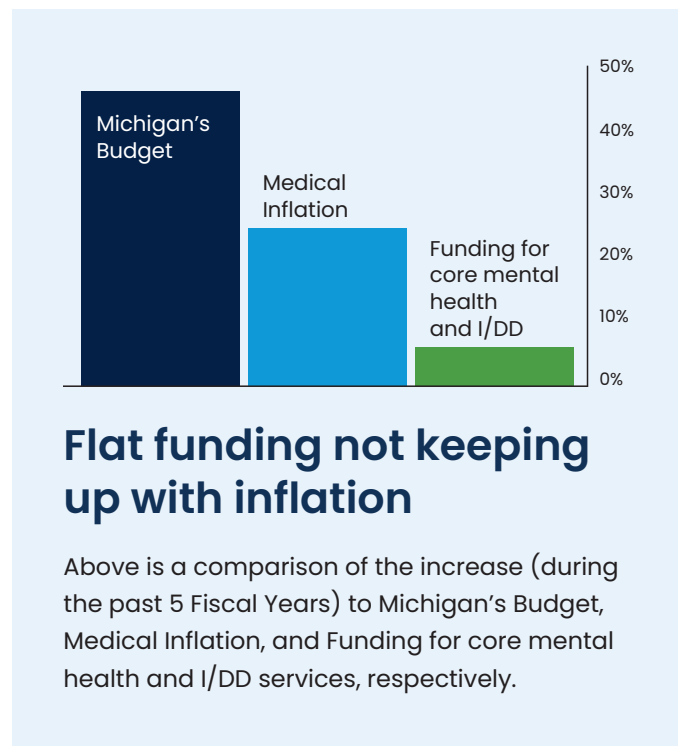
Daily rates of community inpatient care. (Cost)

Demand & Cost of Autism Services Continue to Increase



Across the state demand for Applied Behavioral Analysis (ABA) services have steadily increased. ABA costs

continue to increase. In FY25 the legislature approved a rate increase to \$66/hour. Autism services continue to be underfunded in the budget.



System Funding Falls Far Below Appropriated Levels

MDHHS sent out hundreds of millions (or 2/3 of billion) less to the system, for the past three years, than was intended by the State Legislature and Governor



NEARLY
600M

Projected total underspending between FY23 and end of FY25



Unsustainable Specialized Residential Costs

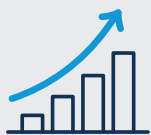
Since 2020 rates for specialized residential **services have increased by over 70%**. Some CMHs are forced to pay over \$2000/day for this service.

↑ 70%
Increase in rates
for services

↑ \$2K/day
Cost to
some CMHs.

MDHHS Administrative Burdens Overwhelming the Workforce

Since the end of the Public Health Emergency (PHE), **administrative burdens on the public mental health system have exploded**.



25%+

Increase in
requirements,
reports and
documenta-
tion demands

In just the past five years, new requirements, reports and documentation demands have increased by more than 25%.

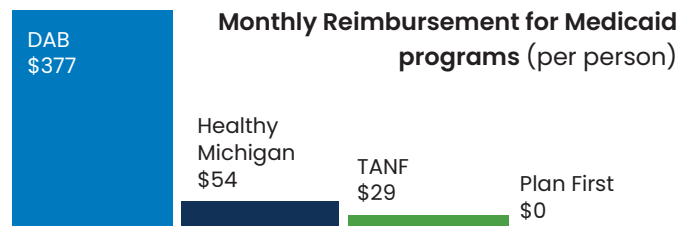
Community Mental Health agencies are now responsible for completing nearly 70 audits, reports and data submissions within a two-year period—that's more than three per month.

Medicaid Redetermination Irregularities

The movement of disabled, aged, and blind (DAB) **beneficiaries** to other Medicaid categories, has dramatically reduced the revenue expected and needed by the state's PIHPs.

↓ \$300M
Loss in revenue to
the Prepaid Inpatient
Health Plan (PIHP)

↓ 182%
Decrease in DAB
months caused by
the movement



What we are asking

- Adjust Medicaid rates to accurately offset the disenrollment of the program.
- Urge MDHHS to push out already appropriated funds – STOP the Impoundment of Funds.
- Ensure that enrollees are slotted into the correct Medicaid bucket.
- Adjust Medicaid rates to accurately reflect the costs of services – Inpatient Hospitalization, specialized residential and autism.
- Dramatically reduce the unnecessary administrative burdens that go beyond federal requirements and that do not improve the lives of people served.



The Community Mental Health Association of Michigan is the state association representing Michigan's public Community Mental Health (CMH) centers, the public Prepaid Inpatient Health Plans (PIHP – public health plans formed and governed by CMH centers) and the private providers within the CMH and PIHP provider networks.

FOR MORE INFORMATION, PLEASE VISIT [CMHA.ORG](https://cmha.org) OR CALL 517-347-6848.



Southwest Michigan Behavioral Health

Memo

To: SWMBH Board

From: Bradley Casemore, CEO

cc: Joel Smith, Garyl Guidry

Date: April 11, 2025

Re: Grant Programs

Our Ask for Board Action Motion: To use up to \$125,000 of local funds to continue contracted substance use disorder treatment and prevention activities through September 30, 2025.

Multiple funding streams support programs and services across the region. Recently the federal government sent to all states a stop work order for activity paid through the COVID era Preparedness and Response Supplemental Appropriations Act and American Rescue Plan Act.

MDHHS in turn sent all PIHPs a stop work order for these services with an April 1 effective date. While MDHHS claims they are considering other funding sources there is no guarantee they will do so. Relatedly Michigan Attorney General Nessel joined a multi-state action and was awarded a temporary restraining order against this federal action. As we all know it could take many months for resolution.

Please see list of impacted providers and programs many of whom provide treatment and prevention services through other funding sources. Many of these providers are fiscally fragile and are counting on these revenues. Most importantly cessation of these programs will negatively impact communities and persons served in our region.

The \$125,000 figure is a conservative high estimate and the final number will likely be lower even if the grants are not restored or supported in full or in part by other state funds.

American Rescue Plan Act (ARPA)

	FY25 Allocation	Funding Need
Prevention		
Student Assistance Programming: <i>Prevention services for youth as an alternative to suspension.</i>		
Substance Abuse Council, Calhoun Co.	\$ 25,000.00	\$ -
Evidence Based Practices: <i>Prevention services for youth and families using EBP's.</i>		
Community Healing Center, Elizabeth Upjohn, Kalamazoo Co.	\$ 25,000.00	\$ -
Substance Abuse Council, Calhoun Co.	\$ 94,060.00	\$ -
Treatment and Recovery		
Timeliness Incentives: <i>Same day appointments for Withdrawal Management and Residential services.</i>		
Community Healing Center, Gilmore, Kalamazoo Co.	\$ 17,000.00	\$ 7,750.00
Quick Response Teams: <i>Team of peers who respond to overdoses in the ED and community .</i>		
Integrated Services of Kalamazoo, Opioid Overdose Response Program, Kalamazoo Co.	\$ 130,000.00	\$ 4,860.87
Improving Access for Disproportionately impacted Populations: <i>Peer navigator who links potential customers to SUD treatment services.</i>		
Mothers of Hope, Kalamazoo Co.	\$ 60,000.00	\$ 20,979.85
Pro-Social Activities for Youth: <i>Sober activities for youth in SUD treatment or prevention services .</i>		
Community Healing Center, Elizabeth Upjohn, Kalamazoo Co.	\$ 3,000.00	\$ 3,000.00
Substance Abuse Council, Calhoun Co.	\$ 5,000.00	\$ 5,000.00
Recovery Support Services to Special Populations: <i>Adolescent case management, makes referrals to treatment as indicated by the needs of the youth or family.</i>		
Sacred Heart, Serenity Hills, Berrien Co.	\$ 32,753.44	\$ 31,990.78
Recovery Housing: <i>Sober living environments .</i>		
Sacred Heart, Serenity Hills, Berrien Co.	\$ 32,000.00	\$ 27,147.17
Gracious Homes, Calhoun Co.	\$ 30,000.00	\$ 16,875.00
Latter Rain, Kalamazoo, Co.	\$ 10,000.00	\$ -
Community Healing Center, New Beginnings, Kalamazoo Co.	\$ 30,000.00	\$ -
Community Healing Center, Bethany House, Kalamazoo Co.	\$ 30,000.00	\$ 2,779.32
Totals:	\$ 523,813.44	\$ 120,382.99

SWBMH Board Sub Ends 2 & 4 Interpretations
Accepted on April 11, 2025, by the SWMBH Board

Discussed at Operations Committee 3/12/25

General consensus is we have immediate existential threats

Introduction

As requested by the Board this is interpretations and probable proof data tracks for Board Sub-Ends 2 and 4 for the April 11, 2025, Board meeting. This was developed in consultation with Susan Radwan and the Operations Committee.

Important Note: Given the 2/28/25 MDHHS announcement of the reprourement of PIHPs with a 10/1/26 transition date it is important that the Board and management focus on the potential possibility of SWMBH ceasing operations 10/1/26 with a six-month run out period for financial and other reporting obligations through 3/31/27. This impacts short- and medium-term planning and Board directions to management.

Management proposes Strategic Imperatives as A) don't lose the PIHP contract, B) repair the regional Medicaid margin and C) prepare CMHs and/or the Regional Entity for coming changes in federal and state funding and managed care approach. These imperatives deserve further discussion to assure Board support or modification.

Board Motions for each Sub-End:

The Board accepts the Interpretation as reasonable.

The Board finds the data to be unavailable at this time and expects compliant data with the next scheduled monitoring report for these Sub-Ends.

SUB END 2: Member CMHs are aware of environmental disruptors and trends and benefit from SWMBH's regional and statewide regulatory and public relations advocacy impacting the Mental Health Community.

Interpretation: This Sub End means SWMBH seeks, aggregates, compiles, and analyzes business disruption trends and federal & state policy and funding changes for the public behavioral health system. Member CMHs will receive comprehensive communications and products for the benefit of CMHs and providers that aid their understanding of and remediation of external threats. Bulletins will be provided to CMH boards and all standing committees, quarterly briefing meetings will be held. SWMBH will strengthen regional advocacy efforts resulting in favorable impacts. SWMBH will generate and if resources permit prepare and publish community and media relations material highlighting the services and successes of CMHs.

Achievement will be demonstrated with the a. release of a regional Public Policy Plan by 6/9/25, b. publication of the first related Bulletin by 6/9/25 and c. release of a regional portfolio of CMH public relations materials by 7/14/25.

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Metric: Achievement of awareness will be demonstrated when 80% of the regional committees have this on the agenda and actively discuss it at least two times a year. Achievement of benefit will be demonstrated with one demonstrable favorable policy or funding outcome for the region by 9/30/25 and another by 9/30/26.

To demonstrate we have met the metric of awareness, data will be pulled via an audit of committee minutes.

To demonstrate a benefit has occurred we will provide evidence of state regulatory policies and regional revenue gains that are in alignment with our requests.

Activities and external audit results below may in part be used to influence and prove achievement of the Sub End.

1. CMHs will be invited to participate in the development of the regional public policy plan.
 2. Update Regional Committee meeting agendas to incorporate a standing item related to this, such as SWMBH monitors changes to the Code of Federal Regulations and ACA 1557.
 3. SWMBH staff participation in Workgroups tasked with assisting with policy development at the statewide level. Examples: Program Integrity – Compliance Officers, Chief Information Officer Forum, Customer Services, Utilization Management. Said participation will result in engagement with CMHs, maximized influence and ultimately favorable state policy and funding changes.
 4. CEO to rejoin CMHAM legislative and policy committee.
 5. CEO to maintain membership on MDHHS Opioids Task Force, Michigan Health and Hospital Association Behavioral Integration Council and other influential groups.
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Sub End 4: Member CMHs and other providers assure and monitor ready access to appropriate programs and services for their consumers and contribute accurate data so SWMBH can create aggregated, comprehensive, and comparative regional results which supports access to maximum funding available.

Interpretation: This Sub End means SWMBH serves as a regional business intelligence hub regularly providing actionable management information for CMHs and providers.

- a) supporting the achievement of improvements in access, quality and functional improvements for persons served, and
- b) improving efficiencies and reducing costs for clinical and administrative functions.

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Achievement will be demonstrated with a. the release of a regional Management Information – Business Intelligence Plan by 7/14/25, b. release of the first related Bulletin by 7/14/25, c. publication of a population health report for each county by 8/11/25 and d. quarterly Board reports.

Activities and external audit results below may in part be used to influence and prove achievement of the Sub End.

1. Access Standards through site reviews and HSAG results, MMBPIS reports, utilization comparisons with SUE report
2. Consumer Advisory Committee (CAC) – summary of activity
3. Annual Network Adequacy Results
4. Provider Site Review Findings
5. Data from submissions from the CMHs: Compliance Activity Report; Denial Files; Grievance & Appeals; Credentialing Activities
6. HSAG External Quality Compliance Review (EQR) Results and Improvement Strategies
7. HSAG Performance Measure Validation (PMV) Audit Results and Improvement Strategies
8. Critical Incident Reporting timeliness and efficiency data
9. SUD Home Health Metrics
10. Behavioral Health Treatment Episode Data Set (BH TEDS) completion benchmarks
11. Customer Services Survey Results
12. Michigan Mission Based Performance Improvement System Results

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Interpretation / Definition of Key Concepts

Glossary:

Accurate: free from error especially as the result of care; conforming exactly to truth or *to* a standard

Advocacy: the act or process of supporting a cause or proposal: the act or process of advocating

Aggregated: taking all units as a whole

Appropriate: especially suitable or compatible

Benefit/Benefitting: to be useful or profitable to; to receive help or an advantage

Collaborating/Collaborative: to work jointly with others or together especially in an intellectual endeavor

Comparative: characterized by systematic comparison especially of likenesses and dissimilarities

Comprehensive: covering completely or broadly

Disruptor: to interrupt the normal course or unity of; to cause [upheaval](#) in

Environmental: the factors and influences that affect the growth, health, progress, functioning, etc., of something

Lessons learned: insights gained from experiences

Optimizing: to make as perfect, effective, or functional as possible

Partnership: a relationship resembling a legal partnership and usually involving close cooperation between [parties](#) having specified and joint rights and responsibilities

Reciprocal: consisting of or functioning as a return in kind; mutually corresponding

Relationship: a state of affairs existing between those having dealings

Resources: a source of supply or support; a source of information or expertise

Responsive: quick to [respond](#) or react appropriately or sympathetically

Stewardship: the careful and responsible management of something entrusted to one's care

Sustainable: using a resource so that the resource is not depleted or permanently damaged

Transparent: characterized by visibility or accessibility of information especially concerning business practices

Trends: a prevailing tendency or inclination; a line of development

Value: to consider or rate highly



Regional Public Policy Committee

Revised/Accepted 3-3-21

<p>Purpose and Principles:</p>	<p>To establish a regional shared structure and process to guide and improve SWMBH's and CMHSPs' interaction, relations with and value to state and federal elected and appointed officials and their senior staff.</p> <p>To develop and express shared views on federal and state health-related Policy for the purpose of educating federal and state elected and appointed officials and their staff on the importance, value, and views of SWMBH CMHSPs.</p> <p>The future will see continued movement in federal and state healthcare policy and funding affecting the public behavioral health system. While SWMBH and CMHSPs cannot lobby elected officials nor contribute funds or time to election campaigns, we are permitted to provide education and viewpoints to elected officials and candidates.</p> <p>This Committee will:</p> <ul style="list-style-type: none"> a. institute a structure and content development process for the collection, storage, circulation, analysis, deliberation, and position creation related to federal and state public policy; b. establish a liaison and leverage with like-minded agencies and associations; c. make assignments to varying SWMBH Regional Committees and willing individuals; and d. take lead in preparation and logistics for individual, small group, and large group Public Policy activities and events with and for federal, state, and local elected and appointed officials and their staff; and e. represent the region to federal, state, and local elected and appointed officials.
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	<p>Guiding Principles include but are not limited to diligence, rapid pace, thoroughness, inclusiveness, shared decision-making, and execution.</p> <p>It is expressly acknowledged that commitment to and participation in this regional effort does not diminish each CMH's right to maintain public policy – legislative education efforts separate and distinct from this regional effort. No prior restraint of participants' independent views and efforts is intended.</p>
Participants & Structure:	<ul style="list-style-type: none"> Executive Sponsors and Steering Committee Co-Chairs: <ul style="list-style-type: none"> Bradley Casemore, CEO SWMBH Ric Compton, CEO Riverwood Center Steering Committee Members: <ul style="list-style-type: none"> SWMBH Board Member(s) SUDOPB Board Member(s) SWMBH Consumer Advisory Council Member(s) CMH Representative(s) Regional provider representative(s) Consumer and/or Family Member Representatives from Population Served Community Member(s) Main support: SWMBH, Project Coordinator <p>The Steering Committee will oversee these efforts and periodically report status for review and input of the Operations Committee. Regular reports to the Board will occur.</p>

Stakeholders	<ul style="list-style-type: none"> SWMBH Board Operations Committee SWMBH Senior Leaders Substance Use Disorder Oversight Policy Board SWMBH Consumer Advisory Council
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Southwest Michigan Behavioral Health (SWMBH)

2025 Substance Use Disorder Oversight Policy Board (SUDOPB) Attendance

Name	January	March	May	July	September	November
Marsha Bassett (Barry)						
Alex R. Ott (Berrien)						
Rayonte Bell (Berrien)						
Randall Hazelbaker (Branch)						
Dominic Oo (Calhoun)						
Matt Saxton (Calhoun)						
RJ Lee (Cass)						
Jonathan Current (Kalamazoo)						
Allyn Witchell (Kalamazoo)						
Jared Hoffmaster (St.Joe)						
Paul Schincariol (Van Buren)						
Richard Godfrey (Van Buren)						

v. 3/17/25

Green = present

Red= absent

Black=not a member at that time

Grey=Meeting cancelled