



**Southwest Michigan Behavioral Health Board Meeting  
Vineyard Assisted Living Community, 8170 Vineyard Pkwy,  
Kalamazoo, MI 49009**

**9:30 am to 11:30 am**

(d) means document provided

**Draft: 4/30/26**

- 1. Welcome Guests/Public Comment**
- 2. Agenda Review and Adoption (d) pg.1**
- 3. Fiscal Year 2025 External Auditor Report (Roslund Prestage and Company) (d) pg.3**
- 4. Financial Interest Disclosure Handling**
  - Stephanie Swanson – Board Alternate appointment (Summit Pointe)
- 5. Consent Agenda**
  - a. April 10, 2026, SWMBH Board Meeting Minutes (d) pg.14
  - b. March 27, 2026, Board Finance Committee Meeting Minutes (d) pg.20
  - c. April 8, and 22, 2026, Operations Committee Meeting Minutes (d) pg.22
- 6. Fiscal Year 2026 Year to Date Financial Statements and Cash Flow Analysis**
  - a. G. Guidry (d) pg.31
  - b. Fiscal Year 2026 Mid-Year Contract Vendor Summary (d) pg.51
  - c. Operations Committee
- 7. CMH Board Updates**

*SWMBH Board Member opportunity to provide an update from their respective CMH Board to facilitate ownership linkage*

  - Barry
  - Berrien
  - Branch
  - Calhoun
  - Cass
  - Kalamazoo
  - St. Joseph
  - Van Buren
- 8. Required Approvals**
  - a. Financial Management Plan (d) pg.54
  - b. Financial Risk Management Plan (d) pg.60
  - c. Cost Allocation Plan (d) pg.63
  - d. Board Regulatory Compliance Committee Charter review (A. Strasser) (d) pg.73
- 9. Ends Metrics Updates (\*Requires motion)**
  - None scheduled

**10. Board Actions to be Considered**

- Fiscal Year 2025 Deficit Elimination Plan (d) pg.75

**11. Board Policy Review**

*Proposed Motion: Is the Board in Compliance? Does the Policy Need Revision?*

- a. 3.0 Global Governance Commitment (d) pg.77
- b. 3.1 Governing Style and Commitment (d) pg.78

**12. Executive Limitations Review**

*Proposed Motion: Is the Executive Officer in Compliance with this Policy? Does the Policy Need Revision?*

- None scheduled

**13. Board Education**

- Substance Use Disorder Funding & Oversight (Joel Smith) (d) pg.80

**14. Communication and Counsel to the Board**

- a. PIHP Litigation and PIHP Post Procurement Cancellation Updates (M. Todd)
- b. Operations Committee Self Evaluation (M. Todd) (d) pg.87
- c. June Board Policy Direct Inspection – None

**15. Public Comment**

**16. Adjournment**

*SWMBH adheres to all applicable laws, rules, and regulations in the operation of its public meetings, including the Michigan Open Meetings Act, MCL 15.261 – 15.275.*

*SWMBH does not limit or restrict the rights of the press or other news media.*

*Discussions and deliberations at an open meeting must be able to be heard by the general public participating in the meeting. Board members must avoid using email, texting, instant messaging, and other forms of electronic communication to make a decision or deliberate toward a decision and must avoid "round-the-horn" decision-making in a manner not accessible to the public at an open meeting.*

**Next Board Meeting  
June 12, 2026  
9:30 am - 11:30 am**

# Southwest Michigan Behavioral Health

**Financial Statements**  
*September 30, 2025*





## **Independent Auditor's Report**

To the Members of the Board  
Southwest Michigan Behavioral Health  
Portage, Michigan

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Southwest Michigan Behavioral Health (the PIHP), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the PIHP's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the PIHP, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the PIHP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the PIHP's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the PIHP's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the PIHP's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2026, on our consideration of the PIHP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the PIHP's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PIHP's internal control over financial reporting and compliance.

Sincerely,



Roslund, Prestage & Company, P.C.  
Certified Public Accountants

March 30, 2026

Southwest Michigan Behavioral Health  
**Statement of Net Position**  
September 30, 2025

	Enterprise Fund	Internal Service	
	Mental Health Operating	Medicaid Risk Reserve	Total Proprietary Funds
<b>Current assets</b>			
Cash and cash equivalents - unrestricted	\$ 6,931,837	\$ -	\$ 6,931,837
Cash and cash equivalents - restricted	345,470	785	346,255
Accounts receivable	39,827	-	39,827
Due from other governmental units	29,902,361	-	29,902,361
Due from other funds	13,777,474	-	13,777,474
Prepaid expenses	166,666	-	166,666
Total current assets	51,163,635	785	51,164,420
<b>Noncurrent assets</b>			
Capital assets being depreciated, net	596,904	-	596,904
<b>Total assets</b>	51,760,539	785	51,761,324
	<b>PY Total assets</b>		<b>\$79,246,926</b>
<b>Current liabilities</b>			
Accounts payable	483,642	-	483,642
Accrued payroll and benefits	278,093	-	278,093
Due to other governmental units	36,331,902	-	36,331,902
Due to other funds	-	13,777,474	13,777,474
Unearned revenue	6,087,373	-	6,087,373
Long-term liabilities, due within one year	200,658	-	200,658
Total current liabilities	43,381,668	13,777,474	57,159,142
<b>Noncurrent liabilities</b>			
Long-term liabilities, due beyond one year	771,837	-	771,837
Total noncurrent liabilities	771,837	-	771,837
<b>Total liabilities</b>	44,153,505	13,777,474	57,930,979
	<b>PY Total liabilities</b>		<b>\$73,339,413</b>
<b>Net position</b>			
Net investment in capital assets	(30,121)	-	(30,121)
Restricted for Medicaid risk management	-	(8,891,095)	(8,891,095)
Restricted for Healthy Michigan risk management	-	(4,885,594)	(4,885,594)
Restricted for Performance Bonus Incentive Pool	2,121,695	-	2,121,695
Unrestricted	5,515,460	-	5,515,460
<b>Total net position</b>	<b>\$ 7,607,034</b>	<b>\$ (13,776,689)</b>	<b>\$ (6,169,655)</b>

Southwest Michigan Behavioral Health  
**Statement of Revenues, Expenses, and Changes in Net Position**  
For the Year Ended September 30, 2025

	Enterprise Fund	Internal Service	Total Proprietary Funds
	Mental Health Operating	Medicaid Risk Reserve	
<b>Operating revenues</b>			
State and federal funding			
Medicaid	\$ 317,138,061	\$ -	\$ 317,138,061
Healthy Michigan	45,818,448	-	45,818,448
CCBHC	58,704,842	-	58,704,842
Incentive payments	2,956,418	-	2,956,418
State and federal grant revenue	9,041,938	-	9,041,938
Total State and Federal funding	433,659,707	-	433,659,707
Local funding			
Public Act 2 funding	2,174,599	-	2,174,599
Local match drawdown	852,520	-	852,520
Total local funding	3,027,119	-	3,027,119
<b>Total operating revenues</b>	<b>436,686,826</b>	<b>-</b>	<b>436,686,826</b>
	<b>PY Operating revenues</b>		<b>\$401,700,655</b>
<b>Operating expenses</b>			
Funding for affiliate partners			
Barry County Community Mental Health	14,740,329	-	14,740,329
Kalamazoo Community Mental Health	122,081,375	-	122,081,375
Pines Behavioral Health	19,609,687	-	19,609,687
Riverwood Center	69,272,896	-	69,272,896
St. Joseph Community Mental Health	25,350,828	-	25,350,828
Summit Pointe	66,480,114	-	66,480,114
Van Buren Community Mental Health	34,008,563	-	34,008,563
Woodlands Behavioral Healthcare Network	23,106,321	-	23,106,321
PBIP funding for affiliate partners	1,920,841	-	1,920,841
CCBHC funding for affiliate partners	21,654,436	-	21,654,436
Total funding for affiliate partners	398,225,390	-	398,225,390
	<b>PY Funding for affiliate partners</b>		<b>\$370,573,605</b>
Contract expenditures			
Contractual services	23,680,856	-	23,680,856
IPA and HRA taxes	15,830,886	-	15,830,886
Local match drawdown	852,520	-	852,520
Total contract expenditures	40,364,262	-	40,364,262
	<b>PY Contract expenditures</b>		<b>\$43,358,348</b>
Administrative expenses			
Salaries and contracted personnel	6,151,859	-	6,151,859
Fringe benefits	1,841,031	-	1,841,031
Board	4,723	-	4,723
Community education	265,823	-	265,823
Depreciation	165,832	-	165,832
Furniture and small equipment	926,374	-	926,374
Insurance	32,590	-	32,590
IT and Consulting services	467,305	-	467,305
Lease	19,379	-	19,379
Legal and professional	313,120	-	313,120

Southwest Michigan Behavioral Health  
**Statement of Revenues, Expenses, and Changes in Net Position**  
For the Year Ended September 30, 2025

	Enterprise Fund	Internal Service	Total Proprietary Funds
	Mental Health Operating	Medicaid Risk Reserve	
Maintenance and custodial	\$ 20,243	\$ -	\$ 20,243
Meeting and training	75,511	-	75,511
Membership and dues	19,750	-	19,750
Other	717,851	-	717,851
Staff development and travel	62,445	-	62,445
Supplies	19,997	-	19,997
Utilities	52,984	-	52,984
<b>Total administrative expenses</b>	<b>11,156,817</b>	<b>-</b>	<b>11,156,817</b>
		<b>PY Administrative expenses</b>	<b>\$9,803,382</b>
Total operating expenses	449,746,469	-	449,746,469
Operating income (loss)	(13,059,643)	-	(13,059,643)
<b>Non-operating revenues (expenses)</b>			
Gain on sale of capital assets	2,307	-	2,307
Investment income	491,680	713,081	1,204,761
Interest expense	(42,126)	-	(42,126)
Non-operating local expense	(182,467)	-	(182,467)
Total non-operating revenues (expenses)	269,394	713,081	982,475
<b>Transfers</b>			
Transfer in (out)	14,583,573	(14,583,573)	-
Total transfer in (out)	14,583,573	(14,583,573)	-
<b>Change in net position</b>	<b>1,793,324</b>	<b>(13,870,492)</b>	<b>(12,077,168)</b>
	<b>PY Change in net position</b>	<b>(22,796,660)</b>	<b>(20,659,391)</b>
Net position, beginning of year	5,813,710	93,803	5,907,513
Net position, end of year	\$ 7,607,034	\$ (13,776,689)	\$ (6,169,655)

Southwest Michigan Behavioral Health  
Notes to the Financial Statements  
September 30, 2025

**NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS**

Due from other governmental units as of September 30<sup>th</sup> consists of the following:

Description	Amount
Michigan Department of Health and Human Services	18,192,535
Barry County	50,621
Berrien County	220,550
Branch County	40,574
Calhoun County	368,456
Cass County	43,090
Kalamazoo County	398,300
St Joseph County	66,979
Van Buren County	93,506
Barry County CMH	2,863,360
Riverwood Center	1,992,024
Pines Behavioral Health	897,269
Summit Pointe	3,345,863
Woodlands Behavioral Healthcare Network (FY23 FSR Correction)	1,329,234
<b>Total</b>	<b>29,902,361</b>

**NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES**

The amounts of interfund receivable and payable shown on the fund financial statements as of September 30<sup>th</sup>, are as follows:

Description	Purpose	Due from Other Funds	Due to Other Funds
Mental health operating fund	Cover overspending of Medicaid Managed Care Specialty Services Program Contract	13,777,474	-
Medicaid risk reserve fund		-	13,777,474

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

Southwest Michigan Behavioral Health  
Notes to the Financial Statements  
September 30, 2025

**NOTE 6 - CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

Description	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets being depreciated/amortized					
Computers and software	796,755	-	-	-	796,755
Vehicles	36,314	-	(36,314)	-	-
Right to use – leased building	1,229,399	-	-	-	1,229,399
Total capital assets being depreciated/amortized	2,062,468	-	(36,314)	-	2,026,154
Accumulated depreciation/amortization					
Computers and software	(796,755)	-	-	-	(796,755)
Vehicles	(10,894)	(6,658)	17,552	-	-
Right to use – leased building	(473,321)	(159,174)	-	-	(632,495)
Total accumulated depreciation/amortization	(1,280,970)	(165,832)	17,552	-	(1,429,250)
Capital assets being depreciated/amortized, net	781,498	(165,832)	(18,762)	-	596,904

**NOTE 7 - DUE TO OTHER GOVERNMENTAL UNITS**

Due to other governmental units as of September 30<sup>th</sup> consists of the following:

Description	Amount
Woodlands Behavioral Healthcare Network	4,010,256
Integrated Services of Kalamazoo	12,722,439
St. Joseph County CMH	3,451,523
Van Buren County CMH	2,124,292
Michigan Department of Health and Human Services	8,143,682
IPA Assessment	936,581
Other	4,943,129
Total	36,331,902

**NOTE 8 - UNEARNED REVENUE**

The amount reported as unearned revenue represents revenues received in advance of the period earned as follows:

Description	Amount
PA2 funds	6,087,373

Southwest Michigan Behavioral Health  
Notes to the Financial Statements  
September 30, 2025

**NOTE 9 - LONG-TERM LIABILITIES**

The changes in long-term liabilities during the fiscal year are as follows:

Description	Beginning Balance	Additions	(Deletions)	Ending Balance	Due within one year
Compensated absences	351,956	46,307	(52,793)	345,470	51,821
Lease (NOTE 10)	763,753	-	(136,728)	627,025	148,837
Total	1,115,709	46,307	(189,521)	972,495	200,658

**NOTE 10 – LEASES**

The CMHSP is involved in an agreement as a lessee that qualifies as a long-term lease agreement. Below is a summary of the nature of this agreement. This agreement qualifies as an intangible, right-to-use asset and not a financed purchase, as the CMHSP will not own the asset at the end of the contract terms and the noncancelable terms of the agreement surpass one year.

The right-to-use assets and the related activity are included in the capital asset disclosure. The lease liabilities and related activity are presented in the changes in long-term debt table included in the LONG-TERM LIABILITIES disclosure.

Description	Issuance Date	Interest Rate	Original Amount	Ending Balance
Hinman building lease	7/1/2024	6.00%	799,574	627,025

The requirements to pay principal and interest on the long-term lease arrangement outstanding at year-end are shown below:

Year Ended September 30	Lease	
	Principal	Interest
2026	148,837	33,593
2027	161,767	24,311
2028	175,570	14,230
2029	140,851	3,623
Total	627,025	75,757

**NOTE 11 – RETIREMENT PLANS**

**Defined Contribution Retirement Plan – 401(a)**

Plan Description

The PIHP offers all employees a retirement plan created in accordance with the Internal Revenue Code, Section 401(a). The assets of the plan were held in trust for the exclusive benefit of the participants (employees) and their beneficiaries. Nationwide acts as the custodian for the plan and holds the custodial account for the beneficiaries of this Section 401(a) plan.

The assets may not be diverted to any other use. Nationwide are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. Plan balances and activities are not reflected in the PIHP's financial statements.

Plan provisions are established or amended by Board resolution. This plan is funded solely by employer contributions.

#### **NOTE 14 – RELATED PARTY TRANSACTIONS**

The PIHP provides services to consumers in the PIHP's geographic region through a contract with MDHHS. The PIHP receives prepaid capitation payments from MDHHS for these services and provides those funds to the member CMHSPs. The amounts provided to the member CMHSPs are disclosed on page 2 under the heading: Funding for affiliate partners.

#### **NOTE 15 – CONTINGENT LIABILITIES**

Under the terms of various federal and state grants and regulatory requirements, the PIHP is subject to periodic audits of its agreements, as well as a cost settlement process with MDHHS. Such audits could lead to questioned costs and/or requests for reimbursement to the grantor or regulatory agencies. Cost settlement adjustments, if any, as a result of compliance audits are recorded in the year that the settlement is finalized. The amount of expenses which may be disallowed, if any, cannot be determined at this time, although the PIHP expects such amounts, if any, to be immaterial.

#### **NOTE 16 – ECONOMIC DEPENDENCE**

The PIHP receives over 95% of its revenues directly from the State of Michigan.

#### **NOTE 17 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

**GASB Statement No. 103, *Financial Reporting Model Improvements***, was issued by the GASB in April of 2024 and will be effective for fiscal year 2026. This Statement establishes new accounting and financial reporting requirements—or modifies existing requirements—related to the following:

- a. Management's discussion and analysis (MD&A);
  - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
    - 1) Overview of the Financial Statements,
    - 2) Financial Summary,
    - 3) Detailed Analyses,
    - 4) Significant Capital Asset and Long-Term Financing Activity,
    - 5) Currently Known Facts, Decisions, or Conditions;
  - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
  - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
  - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
  - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

**GASB Statement No. 104, *Disclosure of Certain Capital Assets***, was issued by the GASB in September 2024 and will be effective for the fiscal year 2026. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-based Information Technology

Southwest Michigan Behavioral Health  
Notes to the Financial Statements  
September 30, 2025

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Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale.



**Board Meeting Minutes**

**April 10, 2026**

**SWMBH, 5250 Lovers Lane, Suite 200, Portage, MI 49002**

**9:30 am-11:30 am**

**Draft: 4/10/26**

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**Members Present:** Sherii Sherban, Tom Schmelzer, Michael Seals, Carol Naccarato, Allen Edlefsen, Gail Patterson-Gladney

**Members Present via MS Teams:** Kayla Wisniewski, Jeffrey Kniaz

**Members Absent:** Tina Leary

**Guests Present:** Mila Todd, Interim CEO, SWMBH; Garyl Guidry, Chief Financial Officer, SWMBH; Alena Lacey, Chief Clinical Officer, SWMBH; Ella Philander, Executive Project Manager, SWMBH; Michelle Jacobs, Senior Operations Specialist & Rights Advisor, SWMBH; Alison Strasser, Interim Compliance Officer, SWMBH; Jeff Patton, ISK; Beth Ann Meints, ISK; Jeannie Goodrich, Summit Pointe; Debbie Hess, Van Buren CMH; Sue Germann, Pines BH; Ric Compton, Riverwood; Cathi Abbs, Board Alternate; Michael Mallory, Woodlands; Marsha Bassett, Barry County

**Guests Present via MS Teams:**

Jon Houtz, Board Alternate; Richard Thiemkey, Barry County CMH

**Welcome Guests**

Sherii Sherban called the meeting to order at 9:30am.

**Public Comment**

None

**Agenda Review and Adoption**

Motion Carol Naccarato moved to approve the agenda with revisions of moving the Executive Officer Update to the end of the meeting and adding FID/COI for Jeffrey Kniaz.

Second Michael Seals

Motion Carried

**Financial Interest Disclosure (FID) Handling**

Mila Todd stated that SWMBH received a Barry County CMH Board Resolution appointing Jeffrey Kniaz to the SWMBH Board and waiving the inherent conflict. Jeffrey Kniaz completed the SWMBH Financial Interest Disclosure Statement and disclosed only the inherent conflict of interest arising from his simultaneous service to both SWMBH and Barry CMH.

Motion Tom Schmelzer moved that the Board is not able to obtain a more advantageous transaction or arrangement with someone other than Mr. Kniaz, that the conflict of interest disclosed is not so substantial as to

be likely to impact the integrity of the services the Board can expect to receive from Mr. Kniaz, and a conflict of interest waiver should be granted.

Second Carol Naccarato

Motion Carried

### **Consent Agenda**

Motion Carol Naccarato moved to approve February 13, 2026; February 6, 2026, Board Finance Committee meeting minutes; February 11 and February 25, 2026, Operations Committee meeting minutes as presented.

Second Michael Seals

Motion Carried

### **2026 Year to Date Financial Statements; Cash Flow Analysis; Mid-Year Revenue Rate Assumptions and Revised SWMBH Budget/Projections**

- Fiscal Year 2025 has been closed out and submitted to the State and Treasurer. Fiscal Year 2025 financials ended with a deficit of \$13.7 million
- A deficiency notice from the Treasurer was received and SWMBH is developing remediation
- Audit was submitted to the State
- Board Finance Committee reviewed a draft audit on 3/27/26
- Discussion followed.

Garyl Guidry presented Period 5 financial statements as documented and noted:

- Period 5 eligibles changes to trendline which compares actual eligibles with Milliman forecasted eligibles. TANF and HMP down and DABS static.
- Surplus is \$9.7 million with an annualized projection of \$23 million in surplus which is \$10 million short of what Milliman said would be paid
- SWMBH provided data to the State to support shortfall
- HSW rates are being paid at the 2026 rates. The State owes \$992,000 to SWMBH for October and November
- Hoping for a mid-year rate adjustment
- CMH financial statements summarized
- Woodlands receiving a monthly advance against their settlement for cash solvency and is researching ways to reduce expenses
- Eligible change by CMH report covered  
Discussion followed.

### **Operations Committee Update**

Jeannie Goodrich distributed a handout covering key topics from recent Operations Committee meetings. Discussion followed.

### **CMH Board Updates**

Barry-Board chair resigned. New Board chair Bill Matson. Board member Jeff Kniaz appointed to the SWMBH Board. Audit reported reviewed.

Berrien-preparing for CARF accreditation. Concerns with Fiscal Year 2025 deficit.

Branch-Last Board meeting did not have a quorum due to spring break. Committee reports were reviewed. SWMBH quarterly newsletters are helpful and Board would like a visit from Mila Todd. State representatives attended recent meeting to share the impacts of coming changes in Behavioral Health and Medicaid funding cuts. How is Branch going to bail SWMBH out.

Calhoun-Cost reductions in operations in two buildings and reviewing staff efficiencies. Received a grant for "Take a Breath."

Cass-Kayla Wisniewski is now the primary SWMBH Board member and Jesse Binns was appointed as the SWMBH Board Alternate.

Kalamazoo-nothing to report.

St. Joseph-business as usual. Last Board meeting had visitors from the State and CMHAM. Recent Board evaluation of CEO using a Skip Level process.

Van Buren-things are well at Van Buren CMH.

### **Ends Metrics Updates**

#### **Interpretations of End Metrics Revisions**

Mila reported as documented.

Motion Tom Schmelzer moved to accept the proposed changes to the Interpretations of the Ends Metrics as reasonable.

Second Michael Seals

Motion Carried

#### **CMH Board Ownership Linkage Survey Results**

Mila reported as documented. Feedback received will be implemented in the next survey. The results are for the Board's reflection and possible action.

#### **Michigan Consortium for Healthcare Excellence (MCHE) Update– SE 2**

Mila reported that MCHE has not met since last Board meeting, but membership is still valuable.

#### **Clinical Protocols: LTSS Protocol and utilization Management Protocol – CLS Tools & updated Level of Care Guidelines – SE 5**

Alena Lacey reported as documented noting the clinical protocols were developed in collaboration with regional committees.

#### **Regional Professional Norms – SE 1**

Mila Todd reported as documented noting that the norms were sent to Regional Committees for implementation.

#### **Fiscal Year 2025 Customer Satisfactions Survey Results – SE 3; SE 4**

Alena Lacey reported as documented noting that the CMH-specific results were shared with CMHs so that they can review locally. Discussion followed.

### **Board Actions to be Considered**

#### **Election of Officers**

##### **Chair**

Michael Seals nominated Sherii Sherban as SWMBH Chair and Tom Schmelzer as SWMBH Vice Chair. Carol Naccarato nominated Michael Seals as SWMBH Board Secretary.

Motion Michael Seals moved to approve Sherii Sherban as SWMBH Board Chair, Tom Schmelzer as SWMBH Vice Chair, and Michael Seals as SWMBH Secretary.  
Second Tom Schmelzer  
Motion Carried

### **Board Regulatory Compliance Committee appointments**

Sherii Sherban appointed Tina Leary and Jeffrey Kniaz to the Board Regulatory Compliance Committee.

### **May Board Planning Session**

Mila Todd reviewed the draft May Board Planning Session agenda and asked for the Board's input. Alan Bolter for a presentation.

### **Board Policy Review**

#### **3.4 Annual Board Planning Cycle**

Sherii Sherban reported as documented.

Motion Tom Schmelzer moved that the Board is in compliance with policy 3.4 Annual Board Planning Cycle and the policy does not need revision.  
Second Michael Seals  
Motion Carried

### **Executive Limitations Review**

#### **2.6 Investments**

Tom noted that this policy was reviewed at the 3/27/26 Board Finance Committee meeting.

Motion Tom Schmelzer moved that the Interim Executive Officer is in compliance and the policy does not need revisions.  
Second Michael Seals  
Motion Carried

### **Board Education**

None scheduled

### **Communication and Counsel to the Board**

#### **PIHP Litigation and PIHP Post Procurement Cancelation Updates**

Mila Todd reported as documented and noted the following:

- Hearing on Monday, 4/13/26 on state's motion to dismiss on mootness. Judge Yates retiring at the end of May.
- Hearing with the PIHPs who refused to sign in 2025— Judge Patel did not issue a ruling from the bench and will be issuing a ruling in writing.
- Motion for Reconsideration asking the Court to reconsider its ruling that MDHHSt can unilaterally dictate the geography of the PIHP regions was denied. Counsel is considering appeal options. CMHs can lean on the distinction between a regional entity and a PIHP and still have a regional entity.
- No additional rumors on a new RFP. Discussion continues on the Mental Health Framework and Conflict Free Access and Planning which function together possibly influencing an RFP.
- SWMBH CEO and three CMH CEOs are working the CMHAM, along with representatives from Advocacy Groups and provider organizations, to develop a concept paper and action items to improve the public

behavioral health system and position it to defend against future privatization threats. SWMBH CEO and one CMH CEO sit on a small sub-workgroup with provider organizations.  
Discussion followed.

**Fiscal Year 2025 Performance Bonus Incentive Program (PBIP) Results**

Alena Lacey reported as documented. Discussion followed.

**Home and Community Based Services 90-day Site Review Results**

Site Review Results included in the packet for the Board’s review.

**Quarterly Retention Plan Update**

Mila Todd noted that the quarterly retention payments ended after FY26 Quarter 1, and the retention plan now includes a severance plan. Now that the RFP has been cancelled, there is no triggering event that would then implement the current retention strategy. Only one staff resignation which was unrelated to the RFP.

**May Board Policy Direct Inspection**

None

**Public Comment**

None

**Closed Session**

Motion Michael Seals moved to go into closed session

Second Carol Naccarato

Roll Call Vote

Sherii Sherban yes

Tom Schmelzer yes

Michael Seals yes

Carol Naccarato yes

Allen Edlefson yes

Gail Patterson-Gladney yes

Motion Carried

**Open Session**

Motion Carol Naccarato moved to go back into open session

Second Gail Patterson-Gladney

Motion Carried

**Required Approvals**

**Executive Officer Update**

Motion Michael Seals moved to request that the Board president move forward with the proposed contract for the SWMBH CEO

Second Gail Patterson-Gladney

Motion Carried

**Adjournment**

Motion Michael Seals moved to adjourn

Second Tom Schmelzer

Motion Carried

Meeting was adjourned at 12:09pm



**Board Finance Committee Meeting Minutes**

**March 27, 2026**

**SWMBH, 5250 Lovers Lane, Suite 200, Portage, Michigan 49002**

**1:00-2:00 pm**

**Draft: 4/1/26**

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**Members Present:** Tom Schmelzer, Carol Naccarato, Michael Seals, Allen Edlefsen

**Guests:** Amy Rottman, Beth Ann Meints, Derek Miller, Christina Schwab

**Members Absent:** None

**SWMBH Staff Present:** Mila Todd, Interim Executive Officer, Garyl Guidry, Chief Financial Officer; Michelle Jacobs, Senior Operations Specialist and Rights Advisor

**Central Topics**

**Review prior meeting minutes**

Motion Carol Naccarato moved to approve the minutes as presented.  
Second Tom Schmelzer  
Motion Carried

**SWMBH YTD financial statements**

Garyl Guidry gave an update on Fiscal Year 2025 financials as follows:

- SWMBH and MDHHS continue communication of Fiscal Year 2025 deficit and use of Fiscal Year 2026 surplus to offset deficit.
- Tom and Michael commented on receivables; how much and how long receivables would be carried. Plan to tackle it and what is plan B if there is no response from MDHHS.

Garyl Guidry presented Period 5 financial statements as documented and noted:

- Eligibles are down and down from what Milliman projected
- Rate certification letter from Milliman is \$17 million short of actual revenue
- Department acknowledges shortfall
- Period 5 surplus is \$9.7 million with an annualized projection of \$23.3 million in surplus which is down from last month's \$26 million projection. Should have \$40 million in projected surplus
- HAB Waivers have been being paid at Fiscal Year 2026 rates since December of 2025. MDHHS owes SWMBH corrected rate payments for October and November of 2025
- Discussion of Woodlands finances, utilization management and plans for solvency
- Regional collaboration around revenues and expenses at each CMH and SWMBH

Discussion followed.

**SWMBH Revenue Variance Report**

Garyl Guidry noted that this report will be available at the April Board meeting.

### **SWMBH Check Registers**

Garyl Guidry reported as documented. Discussion followed.

### **SWMBH Cash Flow Analysis**

Garyl Guidry reported as documented. Discussion followed.

### **Financial Audit**

Derek Miller of Roslund Prestage and Company reported as follows:

- First draft complete
- Second draft being developed
- CMH changes to their FSRs which in turn changes SWMBH FSR
- Reviewed Funds, Assets, Liabilities and Net Position
- Reviewed Income, Expense and Cash Flow Statements
- Reviewed Footnotes 2,4,5,6, and 7
- Roslund Prestage and Company follows GASB10 guidelines

### **2.6 Investments**

Committee reviewed retrospective Executive Officer response to 2.6 Investments Policy. Response accepted.

Committee agreed that no April 3 Board Finance Committee meeting is necessary.

Meeting adjourned at 2:17pm

Date:	4/8/26
Time:	9:00 am – 11:00 am
Facilitator:	Jeff
Minute Taker:	Cameron
Meeting Location:	MS Teams only <a href="#">Click here to join the meeting</a>

- Present:**  Rich Thiemkey (Barry)       Michael Mallory (Woodlands)  
 Ric Compton (Riverwood)       Jeff Patton (ISK)       Mila Todd (SWMBH)  
 Sue Germann (Pines BHS)       Cameron Bullock (Pivotal)       Garyl Guidry (SWMBH)  
 Jeannie Goodrich (Summit)       Debbie Hess (Van Buren)       Beth Ann Meintz (ISK)

Version 03/30/26

Agenda Topics:	Discussion Points:	Minutes:
<b>1. Agenda Review &amp; Adoption (d)</b>		
<b>2. Prior Meeting Minutes Review (d)</b>		Approved via Email for board packet.
<b>3. Financial Stability</b> <b>a. SWMBH Period 05 financials (d)</b> <b>b. State/Milliman Meeting Updates</b> <b>c. Rehmann Financial Reporting Consultation</b>	<ul style="list-style-type: none"> <li>• FY25 deficit handling update</li> <li>• FY25 SUE development update</li> <li>• Regional Rate development – calculation evaluation (SWMBH/ISK)</li> </ul>	<ul style="list-style-type: none"> <li>• FY 25 Settlement letters for CCBHC by this Friday. This settles faster than Mediacid. Should get the funding by the end of May.</li> <li>• Mila meets with the state on the 23<sup>rd</sup>.</li> <li>• FY 26 P05 Financials <ul style="list-style-type: none"> <li>○ Trend line is updated, this is now what was forecasted by Milliman for FY 26, and then the solid is actual eligibles.</li> </ul> </li> </ul>

		<ul style="list-style-type: none"> <li>• Milliman is in the early stages of the mid-year rate adjustment.</li> <li>• \$151.8 Million in revenue received.</li> <li>• \$142.1 million in expenses.</li> <li>• \$9.7 Million in surplus, which, annualized, gets us to \$23.3 possible surplus for FY 26. We should have been closer to \$33 million.</li> <li>• HAB waivers are now being paid out at correct amounts, and October and November are still not being paid out appropriately. Marked as a revenue accrual for now, still.</li> <li>• P06 Revenue Data             <ul style="list-style-type: none"> <li>○ Eligible Change by CMH was created, will be sent out to Ops Comm, and was shared with Regional Finance on Monday. Will add another column for projection.</li> <li>○ \$168 Million in revenue</li> <li>○ Projecting a \$9 million deficit of promised revenue from Milliman.</li> </ul> </li> <li>• FY SUE Data should be ready to go out next week.</li> <li>• Rehmann meeting for PY6 financials. New format should be ready for future use and be the new form.</li> </ul>
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<b>4. FY26 Regional Budget</b>	<ul style="list-style-type: none"> <li>• Revenue Monitoring Report</li> <li>• WBHN cashflow &amp; solvency follow-up</li> </ul>	<ul style="list-style-type: none"> <li>• Woodlands and SWMBH have met a few times, and there is a plan in place to be able to make things work, without having to use Local. Will use advancements of FY 26 to help keep them afloat.</li> </ul>
<b>5. FY25 Financial Audit &amp; Financial Statements</b>		<ul style="list-style-type: none"> <li>• FY 25 – Audit Report was shared. \$13,776,689 negative balance in the ISF. The deficit elimination plan was requested from the Treasury on April 1<sup>st</sup>.</li> </ul>
<b>6. FY25 PBIP Award</b>	<ul style="list-style-type: none"> <li>• Distribution discussion on hold pending FY25 deficit meeting with MDHHS</li> </ul>	<ul style="list-style-type: none"> <li>• Still on hold pending the Meeting with the state for the deficit.</li> <li>• Proposal is 90/10 split as was the past 2 years.</li> </ul>
<b>7. Assets &amp; Liabilities Workgroup</b>	<ul style="list-style-type: none"> <li>• On hold pending additional information from RFP process.</li> </ul>	<ul style="list-style-type: none"> <li>• On Hold.</li> </ul>
<b>8. PIHP Competitive Procurement/System Improvement Opportunities</b>	<ul style="list-style-type: none"> <li>• Follow-up discussion from mtg. with Advocates/Person First Coalition</li> </ul>	<ul style="list-style-type: none"> <li>• April 13 and April 9 lawsuit meetings.</li> <li>• No new rumors.</li> </ul>
<b>9. CCBHC Direct Payment Methodology</b>	<ul style="list-style-type: none"> <li>• CCBHC Non-Medicaid</li> </ul>	<ul style="list-style-type: none"> <li>• Discussion was had.</li> </ul>
<b>10. PCE</b>		<ul style="list-style-type: none"> <li>• Meeting with Midstate for in person SME's to see product in action</li> <li>• Timeline – January of 27 for start of 10/1/27</li> <li>• Needs approval by June/July</li> <li>• Reviewing costs/reductions cost comparison of Streamline vs PCE</li> </ul>

<b>11. Environmental Disruptors</b>	<ul style="list-style-type: none"> <li>• CMS 0057 – website reporting due 3/31/2026</li> <li>• Mental Health Framework</li> </ul>	<ul style="list-style-type: none"> <li>• CMS 0057 – website reporting due 3/31/2026</li> <li>• State is aware we will not meet the deadline. SWMBH will be reaching out to CMHs for additional asks for the requirement.</li> <li>• CFAP was not on the agenda. Brought up waiver language. UM was listed as a non-delegable function. This creates additional issues.</li> <li>• A small workgroup will be formed to advise future usage.</li> </ul>
<b>12. OC Projects Revisit</b>	<ul style="list-style-type: none"> <li>• Examples: PCE, SUE, rate development analysis, etc.</li> </ul>	
<b>13. CMH Self-Eval Survey Results</b>		<ul style="list-style-type: none"> <li>• Results were sent out.</li> <li>• Fairly positive, no surprises.</li> </ul>
<b>14. Next Meeting- April 22</b> <b>April Facilitator- Jeff</b> <b>May – Sue</b> <b>June- Rich</b>		CFAP Sub workgroup Financials PCE Update
<b>15. 11-12 pm CMH CEOs</b>		

Date:	4/22/26
Time:	9:00 am – 11:00 am
Facilitator:	Jeff
Minute Taker:	Cameron
Meeting Location:	MS Teams only <a href="#">Click here to join the meeting</a>

- Present:**  Rich Thiemkey (Barry)       Michael Mallory (Woodlands)  
 Ric Compton (Riverwood)       Jeff Patton (ISK)       Mila Todd (SWMBH)  
 Sue Germann (Pines BHS)       Cameron Bullock (Pivotal)       Garyl Guidry (SWMBH)  
 Jeannie Goodrich (Summit)       Debbie Hess (Van Buren)       Beth Ann Meintz (ISK)

Version 04/17/26

Agenda Topics:	Discussion Points:	Minutes:
<b>1. Agenda Review &amp; Adoption (d)</b>		
<b>2. Prior Meeting Minutes Review (d)</b>		Approved via email
<b>3. Financial Stability</b> <b>a. SWMBH Period 06 financials (Not available)</b> <b>b. State/Milliman Meeting Updates</b> <b>c. Rehmann Financial Reporting Consultation</b>	<ul style="list-style-type: none"> <li>• FY25 deficit elimination scenarios</li> <li>• Regional Rate development – calculation evaluation (SWMBH/ISK)</li> </ul>	<ul style="list-style-type: none"> <li>• PY 06 Financial not yet ready. 6 out of 8 financials are completed, and ISK and Woodlands are outstanding. <ul style="list-style-type: none"> <li>○ If not received today, estimates will be used to be able to send to Rehmann to be completed.</li> <li>○ By Monday, Rehmann will provide to SWMBH for final review.</li> </ul> </li> <li>• Deficit Elimination: <ul style="list-style-type: none"> <li>○ SWMBH has developed a couple of versions of</li> </ul> </li> </ul>

the deficit disposition plan

- Meeting later this week with the department
- Hopeful to be able to use the current year's surplus for coverage.
- Ric asked for follow up on :  
What type of documentation does SWMBH have with MDHHS on the proposed plan (notes, emails etc.)? What happens when the MDHHS Staff (Kristen Morningstar, etc.) leaves and the new MDHHS Staff do not have any record of what has been agreed to or not agreed? We are in uncharted territory with a PIHP deficit followed by a surplus, new RFP, and the new

		<p>Administration coming in... Concern is that the FY26 surplus will go back to the State, and the CMHs will be left holding the debt. The GF deficit for the State of Michigan is expected to be \$1 Billion in FY26</p> <ul style="list-style-type: none"> <li>▪</li> <li>• Regional Rate Development Plans <ul style="list-style-type: none"> <li>○ Restarting the work on this. Meeting with ISK this week on this.</li> </ul> </li> <li>• Statewide efforts: <ul style="list-style-type: none"> <li>○ April 10<sup>th</sup> Statewide eligibility was submitted. \$65/70 million short this FY across the state. Still no commitment to a mid-year rate adjustment. No acknowledgment of the email that was submitted at this point, either.</li> </ul> </li> </ul>
<p><b>4. FY25 Service Use Evaluation (SUE)</b></p>	<ul style="list-style-type: none"> <li>• Review &amp; determine next steps</li> </ul>	<ul style="list-style-type: none"> <li>• Having a SUE meeting <ul style="list-style-type: none"> <li>○ People to be present <ul style="list-style-type: none"> <li>▪ Chief Clinical Officer</li> <li>▪ CEO's</li> </ul> </li> </ul> </li> </ul>

		<ul style="list-style-type: none"> <li>▪ Department heads</li> <li>▪ CFO's</li> </ul>
<b>5. FY26 Regional Budget</b>	<ul style="list-style-type: none"> <li>• Revenue Monitoring Report</li> <li>• Mid-Year Provider Rate increase</li> </ul>	<ul style="list-style-type: none"> <li>• No changes from March's payments.</li> <li>• Hoping to have a mid-year rate adjustment.</li> </ul>
<b>6. FY25 PBIP Award</b>	<ul style="list-style-type: none"> <li>• Distribution discussion on hold pending FY25 deficit meeting with MDHHS</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
<b>7. Assets &amp; Liabilities Workgroup</b>	<ul style="list-style-type: none"> <li>• On hold pending additional information from the RFP process.</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
<b>8. PIHP Competitive Procurement/System Improvement Opportunities</b>	<ul style="list-style-type: none"> <li>• MDHHS confirmation of forthcoming RFP – details unknown</li> </ul>	<ul style="list-style-type: none"> <li>• No order of dismissal yet. Judge Yates did indicate he would be dismissed.</li> <li>• They are working on the RFP as confirmed by the state rep. No date yet set.</li> <li>• Discussion re: willingness to engage in cross-region discussions with MSHN around alignment opportunities and future system scenario planning</li> <li>•</li> </ul>
<b>9. CCBHC Direct Payment Methodology</b>		<ul style="list-style-type: none"> <li>• N/A</li> </ul>
<b>10. PCE</b>		Mila is still working on it.
<b>11. Mental Health Framework</b>	<ul style="list-style-type: none"> <li>• Confidential Draft Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Potential for Carving in the Mild/Moderate SPMI conditions.</li> </ul>

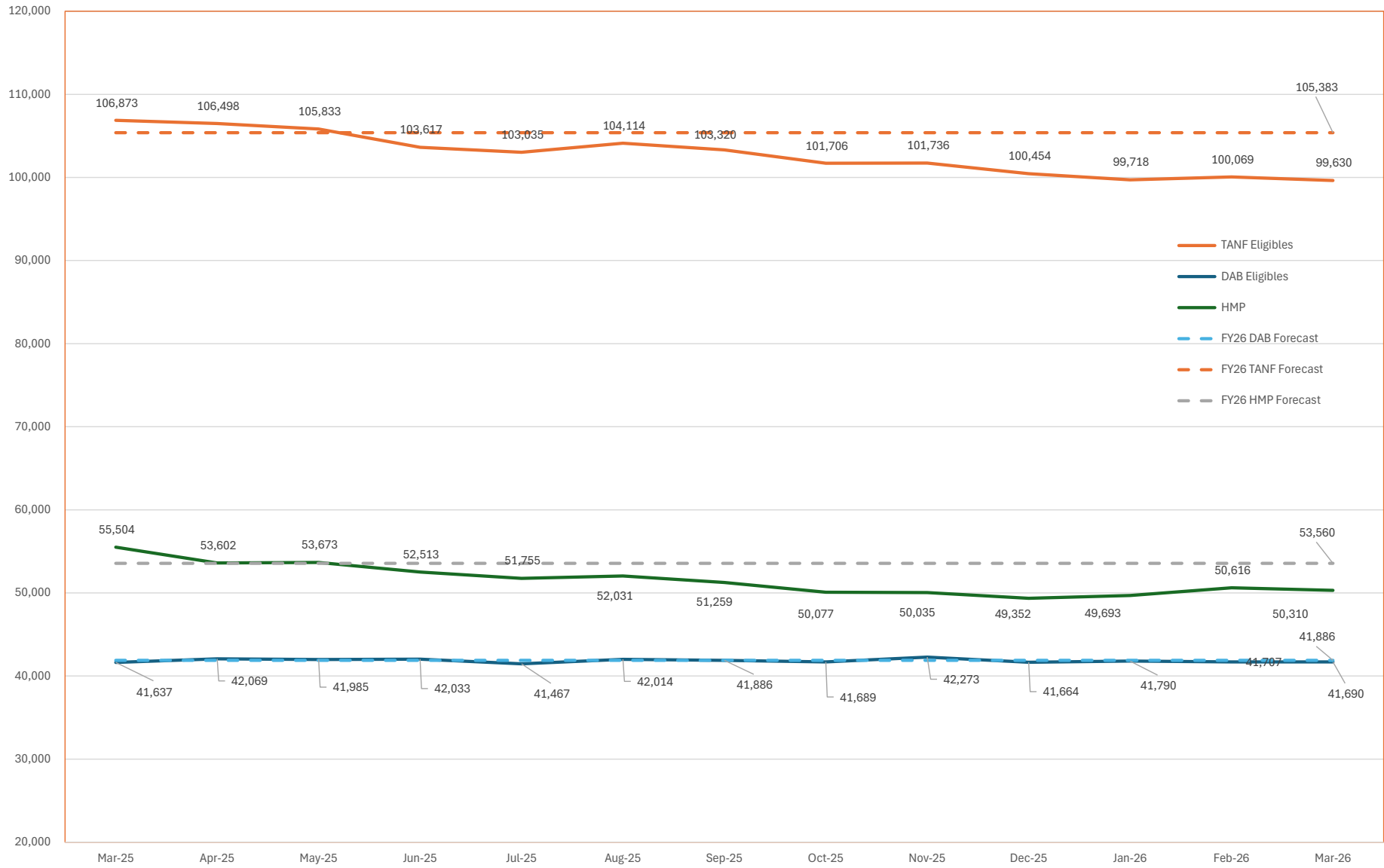
		<ul style="list-style-type: none"> <li>• Mild/Moderate conditions don't generally meet admission criteria.</li> <li>• New coverage plan – BH-Cover</li> </ul>
<b>12. Environmental Disruptors</b>	<ul style="list-style-type: none"> <li>• CMS 0057 – website reporting due 3/31/2026</li> <li>• CFAP Workgroup</li> </ul>	No update
<b>13. OC Projects Revisit</b>	<ul style="list-style-type: none"> <li>• Examples: PCE, SUE, rate development analysis, etc.</li> </ul>	
<b>14. CMH Self-Eval Survey Results</b>	<ul style="list-style-type: none"> <li>• Final version for May SWMBH Board</li> </ul>	<ul style="list-style-type: none"> <li>• Final version sent out to CEOs</li> </ul>
<b>15. May SWMBH Board Planning Session Agenda Draft</b>	<ul style="list-style-type: none"> <li>• Location, Draft Agenda</li> <li>• Strategic Imperatives</li> </ul>	<ul style="list-style-type: none"> <li>• Mila presented draft agenda.</li> </ul>
<b>16. CCBHC Case Management and Specialized Residential (Cameron)</b>		<ul style="list-style-type: none"> <li>• Discussion was had.</li> </ul>
<b>17. Next Meeting- May 13 May – Sue June- Rich</b>		
<b>18. 11-12 pm CMH CEOs</b>		



March 2026

Monthly  
Finance Report

Southwest Michigan Behavioral Health  
 Total Eligibles MAR '25 - MAR '26  
 as of March 31st, 2026



<u>SWMBH Through March</u>	<u>FY26</u>	<u>FY25</u>	<u>% Change YOY</u>	<u>\$ Change YOY</u>
State Plan MH	44,018,216	48,701,099	-9.6%	(4,682,882)
1915i MH	48,686,563	45,178,436	7.8%	3,508,127
Autism	22,785,409	14,442,411	57.8%	8,342,999
<i>Habilitation Supports Waiver (HSW)</i>	<i>34,692,707</i>	<i>32,143,400</i>	<i>7.9%</i>	<i>2,549,307</i>
<i>Child Waiver Program (CWP)</i>	<i>449,463</i>	<i>454,916</i>	<i>-1.2%</i>	<i>(5,453)</i>
<i>Serious Emotional Disturbances (SED)</i>	<i>339,195</i>	<i>263,982</i>	<i>28.5%</i>	<i>75,213</i>
<b>Net Capitation Payment</b>	<b>150,971,243</b>	<b>141,184,243</b>	<b>6.9%</b>	<b>9,787,000</b>
				-
State Plan SA	2,434,685	3,938,192	-38.2%	(1,503,507)
<b>Net Capitation Payment</b>	<b>2,434,685</b>	<b>3,938,192</b>	<b>-38.2%</b>	<b>(1,503,507)</b>
				-
Healthy Michigan Mental Health	10,761,654	12,442,478	-13.5%	(1,680,824)
Healthy Michigan Autism	1,280	20,180	-93.7%	(18,900)
<b>Net Capitation Payment</b>	<b>10,762,934</b>	<b>12,462,658</b>	<b>-13.6%</b>	<b>(1,699,724)</b>
				-
Healthy Michigan Substance Abuse	4,772,636	6,817,619	-30.0%	(2,044,983)
<b>Net Capitation Payment</b>	<b>4,772,636</b>	<b>6,817,619</b>	<b>-30.0%</b>	<b>(2,044,983)</b>
				-
<b>GRAND TOTAL</b>	<b>168,941,499</b>	<b>164,402,713</b>	<b>2.8%</b>	<b>4,538,786</b>

as of 4/8/2026

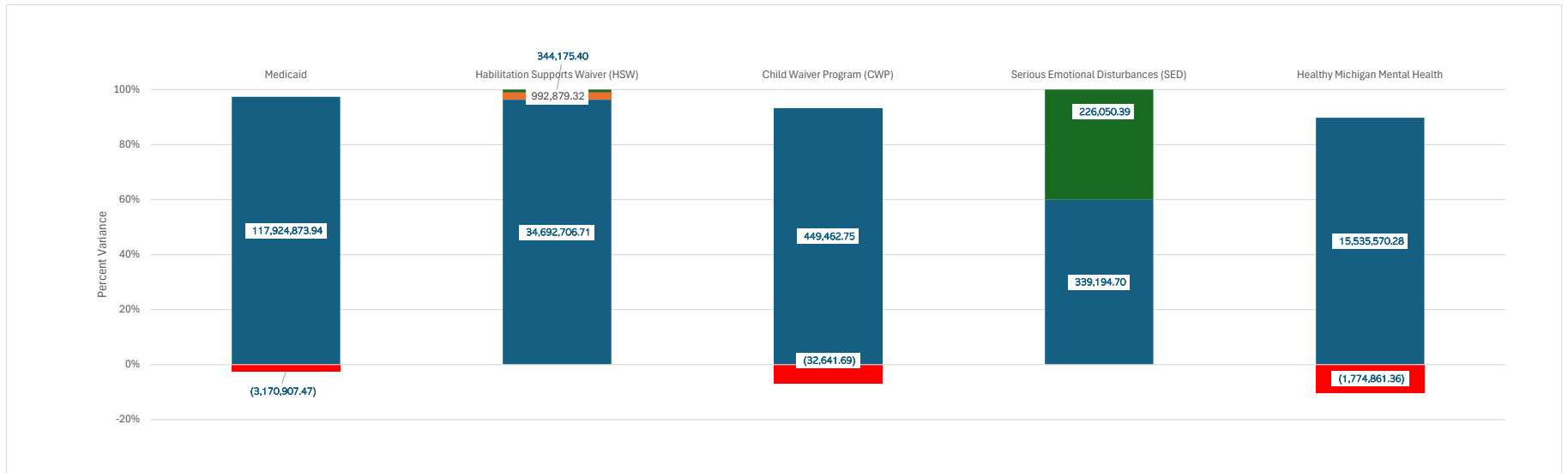
**State Plan, 1915i, B3 and Autism have DAB and TANF payments included.**

*DAB refers to the "disabled, aged, or blind" eligibility categories for Medicaid programs.*

*TANF refers to "Temporary Assistance for Needy Families" for Medicaid programs.*



Revenue Tracking of Expected Funds	FY26 Revenue						FY26 Revenue YTD					
	FY26 Budget	Actual Payment	Accrual	Actual Annualized	Variance \$	Variance %	Budget YTD	Actual	Accrual	YTD	Variance \$	Variance %
	Medicaid	242,191,562.82	235,849,747.88	-	235,849,747.88	(6,341,814.94)	-2.6%	121,095,781.41	117,924,873.94		117,924,873.94	(3,170,907.47)
Habilitation Supports Waiver (HSW)	70,682,821.26	69,385,413.42	992,879.32	70,378,292.74	(304,528.52)	-0.4%	35,341,410.63	34,692,706.71	992,879.32	35,685,586.03	344,175.40	1.0%
Child Waiver Program (CWP)	964,208.87	898,925.50	-	898,925.50	(65,283.37)	-6.8%	482,104.44	449,462.75		449,462.75	(32,641.69)	-6.8%
Serious Emotional Disturbances (SED)	226,288.62	678,389.40	-	678,389.40	452,100.78	199.8%	113,144.31	339,194.70		339,194.70	226,050.39	199.8%
Healthy Michigan Mental Health	34,620,863.28	31,071,140.56	-	31,071,140.56	(3,549,722.72)	-10.3%	17,310,431.64	15,535,570.28		15,535,570.28	(1,774,861.36)	-10.3%
<b>Overall Net Capitation Payment</b>	<b>348,685,744.85</b>	<b>337,883,616.76</b>	<b>992,879.32</b>	<b>338,876,496.08</b>	<b>(9,809,248.77)</b>	<b>-2.81%</b>	<b>174,342,872.43</b>	<b>168,941,808.38</b>	<b>992,879.32</b>	<b>169,934,687.70</b>	<b>(4,408,184.73)</b>	<b>-2.53%</b>



Budgeted Funds
Over - Variance
Under - Variance
Accrued Funds

## Southwest Michigan Behavioral Health

### Funding Source Report - PIHP

October 1, 2025 through March 31, 2026

Traditional Medicaid	Southwest Michigan MH	Southwest Michigan SUD	Barry County	Berrien County	Branch County	Calhoun County	Cass County	Kalamazoo County	St. Joseph County	Van Buren County	PIHP Total
<b>Revenue</b>											
Revenue Capitation (PEPM)	\$ 155,306,788	\$ 2,434,684									\$ 157,741,472
CMHSP Distributions	(146,766,006)	-	6,487,542	27,942,747	8,025,563	26,083,449	8,937,327	45,870,312	9,378,247	14,040,817	-
1st/3rd Party receipts			-	-	-	-	-	-	-	1,146,834	1,146,834
<b>Net revenue</b>	<b>8,540,782</b>	<b>2,434,684</b>	<b>6,487,542</b>	<b>27,942,747</b>	<b>8,025,563</b>	<b>26,083,449</b>	<b>8,937,327</b>	<b>45,870,312</b>	<b>9,378,247</b>	<b>15,187,651</b>	<b>158,888,306</b>
<b>Expense</b>											
PIHP Admin	3,791,690	86,452									3,878,142
ClaimsTax	675,199	-									685,783
Hospital Rate Adjuster	2,602,735										2,602,735
Services - Managed Care		-	537,576	2,146,264	370,095	2,943,757	878,823	4,823,482	1,368,263	1,146,834	14,215,094
Services - Internal		-	309,742	1,155,028	168,456	820,054	1,844,507	1,314,005	356,208	1,267,085	7,235,086
Services - External		2,320,018	3,865,893	24,177,571	5,137,322	20,492,721	7,957,832	35,637,660	8,312,894	10,265,622	118,167,532
<b>Total expense</b>	<b>7,069,624</b>	<b>2,406,470</b>	<b>4,713,211</b>	<b>27,478,863</b>	<b>5,675,873</b>	<b>24,256,532</b>	<b>10,681,162</b>	<b>41,775,147</b>	<b>10,037,365</b>	<b>12,679,541</b>	<b>146,784,372</b>
<b>Net Actual Surplus (Deficit)</b>	<b>\$ 1,471,158</b>	<b>\$ 28,214</b>	<b>\$ 1,774,331</b>	<b>\$ 463,885</b>	<b>\$ 2,349,690</b>	<b>\$ 1,826,917</b>	<b>\$ (1,743,835)</b>	<b>\$ 4,095,166</b>	<b>\$ (659,118)</b>	<b>\$ 2,508,110</b>	<b>\$ 12,103,934</b>

## Southwest Michigan Behavioral Health

### Funding Source Report - PIHP

October 1, 2025 through March 31, 2026

Healthy Michigan	Southwest Michigan MH	Southwest Michigan SUD	Barry County	Berrien County	Branch County	Calhoun County	Cass County	Kalamazoo County	St. Joseph County	Van Buren County	PIHP Total
<b>Revenue</b>											
Revenue Capitation (PEPM)	\$ 12,772,414	\$ 4,772,636									\$ 17,545,050
CMHSP Distributions	(12,597,267)	-	630,603	2,655,098	597,262	2,306,824	700,021	3,732,345	859,153	1,115,961	-
1st/3rd Party receipts			-	-	-	-	-	-	-	-	-
<b>Net revenue</b>	<b>175,147</b>	<b>4,772,636</b>	<b>630,603</b>	<b>2,655,098</b>	<b>597,262</b>	<b>2,306,824</b>	<b>700,021</b>	<b>3,732,345</b>	<b>859,153</b>	<b>1,115,961</b>	<b>17,545,050</b>
<b>Expense</b>											
PIHP Admin	409,197	166,975									576,172
Access Center	-	-									-
ClaimsTax	251,691	-									251,691
Hospital Rate Adjuster	2,434,428										2,434,428
Services - Managed Care		-	160,581	220,247	48,433	549,161	85,921	332,894	169,774	133,996	1,701,006
Services - Internal		-	42,264	163,058	14,612	24,759	701,213	4,276	11,602	39,056	1,000,841
Services - External		4,480,936	638,810	1,451,738	303,008	2,173,102	265,853	2,545,951	447,505	445,676	12,752,578
<b>Total expense</b>	<b>3,095,316</b>	<b>4,647,911</b>	<b>841,654</b>	<b>1,835,044</b>	<b>366,052</b>	<b>2,747,022</b>	<b>1,052,987</b>	<b>2,883,121</b>	<b>628,881</b>	<b>618,728</b>	<b>18,716,716</b>
<b>Net Surplus (Deficit)</b>	<b>\$ (2,920,169)</b>	<b>\$ 124,725</b>	<b>\$ (211,051)</b>	<b>\$ 820,054</b>	<b>\$ 231,209</b>	<b>\$ (440,198)</b>	<b>\$ (352,966)</b>	<b>\$ 849,225</b>	<b>\$ 230,272</b>	<b>\$ 497,233</b>	<b>\$ (1,171,666)</b>

# Southwest Michigan Behavioral Health

## Funding Source Report - PIHP

October 1, 2025 through March 31, 2026

SUD Block Grant	Southwest Michigan MH	Southwest Michigan SUD	Barry County	Berrien County	Branch County	Calhoun County	Cass County	Kalamazoo County	St. Joseph County	Van Buren County	PIHP Total
<b>Revenue</b>											
Payment	\$ -	\$ 3,021,917	\$ 18,878	\$ 97,648	\$ 14,133	\$ -	\$ 30,478	\$ 55,979	\$ 39,484	\$ 31,868	\$ 3,310,384
1st/3rd Party receipts			-	-	-	-	-	-	-	-	-
<b>Net revenue</b>	-	3,021,917	18,878	97,648	14,133	-	30,478	55,979	39,484	31,868	3,310,384
<b>Expense</b>											
PIHP Admin	-										-
Services		2,680,448	18,878	336,869	-	-	51,230	-	60,500	162,459	3,310,384
<b>Total expense</b>	-	2,680,448	18,878	336,869	-	-	51,230	-	60,500	162,459	3,310,384
<b>Net Surplus (Deficit)</b>	\$ -	\$ 341,468	\$ -	\$ (239,221)	\$ 14,133	\$ -	\$ (20,752)	\$ 55,979	\$ (21,015)	\$ (130,591)	\$ -

## Southwest Michigan Behavioral Health

### Funding Source Report - PIHP

October 1, 2025 through March 31, 2026

CCBHC - Medicaid	Southwest Michigan MH	Southwest Michigan SUD	Barry County	Berrien County	Branch County	Calhoun County	Cass County	Kalamazoo County	St. Joseph County	Van Buren County	PIHP Total
<b>Revenue</b>											
CCBHC Revenue	\$ -	\$ -	\$ 230,456	\$ 4,752,998	\$ 1,613,062	\$ 4,382,246		\$ 12,400,375	\$ 4,619,924	\$ 1,758,823	\$ 29,757,884
1st/3rd Party receipts			(1,272,437)	(88,844)	(29,750)	-		-	-	-	(1,391,031)
<b>Net revenue</b>	-	-	(1,041,981)	4,664,154	1,583,312	4,382,246		12,400,375	4,619,924	1,758,823	28,366,853
<b>Expense</b>											
Services			1,092,179	4,396,520	1,819,052	5,709,741		12,632,460	2,316,352	2,900,130	30,866,433
<b>Total expense</b>	-	-	1,092,179	4,396,520	1,819,052	5,709,741		12,632,460	2,316,352	2,900,130	30,866,433
<b>Net Surplus (Deficit)</b>	\$ -	\$ -	\$ (2,134,160)	\$ 267,634	\$ (235,740)	\$ (1,327,494)		\$ (232,085)	\$ 2,303,571	\$ (1,141,307)	\$ (2,499,580)

## Southwest Michigan Behavioral Health

### Funding Source Report - PIHP

October 1, 2025 through March 31, 2026

CCBHC - Healthy Michigan	Southwest Michigan MH	Southwest Michigan SUD	Barry County	Berrien County	Branch County	Calhoun County	Cass County	Kalamazoo County	St. Joseph County	Van Buren County	PIHP Total
<b>Revenue</b>											
CCBHC Revenue	\$ -	\$ -	\$ 118,532	\$ 1,994,490	\$ 477,906	\$ 1,631,240		\$ 4,067,885	\$ 1,370,541	\$ -	\$ 9,660,594
1st/3rd Party receipts			(505,501)	(13,066)	(7,554)	-		-	-	-	(526,121)
<b>Net revenue</b>	<b>-</b>	<b>-</b>	<b>(386,969)</b>	<b>1,981,424</b>	<b>470,352</b>	<b>1,631,240</b>		<b>4,067,885</b>	<b>1,370,541</b>	<b>-</b>	<b>9,134,474</b>
<b>Expense</b>											
Services			634,053	1,695,410	621,265	2,098,823		4,002,390	737,179	803,341	10,592,461
<b>Total expense</b>	<b>-</b>	<b>-</b>	<b>634,053</b>	<b>1,695,410</b>	<b>621,265</b>	<b>2,098,823</b>		<b>4,002,390</b>	<b>737,179</b>	<b>803,341</b>	<b>10,592,461</b>
<b>Net Surplus (Deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,021,021)</b>	<b>\$ 286,014</b>	<b>\$ (150,912)</b>	<b>\$ (467,583)</b>		<b>\$ 65,495</b>	<b>\$ 633,363</b>	<b>\$ (803,341)</b>	<b>\$ (1,457,987)</b>

Southwest Michigan Behavioral Health

**Funding Source Report - SUD**

October 1, 2025 through March 31, 2026

Substance Use Disorder Prevention & Treatment	Medicaid	Healthy Michigan	Opioid Health Home	SUD Grants	Other Grants	PA2	Total SUD
<b>Revenue</b>	\$ 2,434,684	\$ 4,772,636	\$ 734,427	\$ 3,310,384	\$ 54,106	\$ 877,080	\$ 12,183,317
<b>Expense</b>							
Administration	86,452	166,975	-	-	-		275,029
Access Center	-	-	-	-	-		-
Claims Tax	-	-	-				-
	<u>86,452</u>	<u>166,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275,029</u>
Treatment Services							
Outpatient	306,140	602,894	579,707	98,086	-	-	1,586,827
Intensive outpatient	1,494	5,288	-	3,908	-	-	10,690
Detox services	226,778	415,630	-	64,327	-	-	706,735
Residential	1,005,752	2,138,668	-	280,500	-	-	3,424,920
Methadone	618,697	994,795	-	90,246	-	-	1,703,738
Assessments and evaluation	161,157	323,661	-	40,117	-	-	524,935
Transportation	-	-	-	-	-	-	-
Room & Board	-	-	-	760,049	-	-	760,049
Total treatment Services	<u>2,320,018</u>	<u>4,480,936</u>	<u>579,707</u>	<u>1,337,233</u>	<u>-</u>	<u>-</u>	<u>8,717,894</u>
Other grant services	-	-	-	1,973,151	54,106	877,080	2,904,337
<b>Total expense</b>	<u>2,406,470</u>	<u>4,647,911</u>	<u>579,707</u>	<u>3,310,384</u>	<u>54,106</u>	<u>877,080</u>	<u>11,897,260</u>
<b>Net Surplus (Deficit)</b>	<u>\$ 28,214</u>	<u>\$ 124,725</u>	<u>\$ 154,720</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 286,057</u>

Southwest Michigan Behavioral Health

**Funding Source Report - SUD**

October 1, 2025 through March 31, 2026

Substance Use Disorder Prevention & Treatment	Community Grant	Women's Specialty	State Disability Assistance	Prevention	Michigan SOR III	Healing & Recovery Infrastructure	Recovery Incentives Infrastructure	Gambling Prevention Specialist	Alcohol Use Disorder	Total SUD Grants
<b>Revenue</b>	\$ 1,541,849	\$ 44,844	\$ 64,773	\$ 848,470	\$ 563,572	\$ 95,314	\$ 41,652	\$ 44,219	\$ 65,691	\$ 3,310,384
<b>Expense</b>										
Administration	-	-	-	-	-	-	-	-	-	-
Access Center	-	-	-	-	-	-	-	-	-	-
Claims Tax	-	-	-	-	-	-	-	-	-	-
<b>Treatment Services</b>										
Outpatient	98,086	-	-	-	-	-	-	-	-	98,086
Intensive outpatient	3,908	-	-	-	-	-	-	-	-	3,908
Detox services	64,327	-	-	-	-	-	-	-	-	64,327
Residential	280,500	-	-	-	-	-	-	-	-	280,500
Methodone	90,246	-	-	-	-	-	-	-	-	90,246
Assessments and evaluation	40,117	-	-	-	-	-	-	-	-	40,117
Transportation	-	-	-	-	-	-	-	-	-	-
Room & Board	760,049	-	-	-	-	-	-	-	-	760,049
<b>Total treatment Services</b>	<b>1,337,233</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,337,233</b>
Other grant services	204,616	44,844	64,773	848,470	563,572	95,314	41,652	44,219	65,691	1,973,151
<b>Total expense</b>	<b>1,541,849</b>	<b>44,844</b>	<b>64,773</b>	<b>848,470</b>	<b>563,572</b>	<b>95,314</b>	<b>41,652</b>	<b>44,219</b>	<b>65,691</b>	<b>3,310,384</b>
<b>Net Surplus (Deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Southwest Michigan Behavioral Health

**Funding Source Report - SUD PA2**

October 1, 2025 through March 31, 2026

Substance Use Disorder Prevention & Treatment	Barry County	Berrien County	Branch County	Calhoun County	Cass County	Kalamazoo County	St. Joseph County	Van Buren County	Total
<b>Revenue</b>	\$ 43,686	\$ 122,489	\$ 4,299	\$ 157,620	\$ 33,940	\$ 387,635	\$ 80,441	\$ 46,970	\$ 877,080
<b>Expense</b>									
Services									
Outpatient	\$ 43,686	\$ 122,489	\$ 4,299	\$ 157,620	\$ 33,940	\$ 179,405	\$ 50,025	\$ 46,970	\$ 638,434
Residential	-	-	-	-	-	110,461	30,416	-	140,877
Supportive	-	-	-	-	-	37,936	-	-	37,936
Ancillary	-	-	-	-	-	33,333	-	-	33,333
Prevention	-	-	-	-	-	26,500	-	-	26,500
<b>Total Services</b>	<u>43,686</u>	<u>122,489</u>	<u>4,299</u>	<u>157,620</u>	<u>33,940</u>	<u>387,635</u>	<u>80,441</u>	<u>46,970</u>	<u>877,080</u>
<b>Total expense</b>	<u>43,686</u>	<u>122,489</u>	<u>4,299</u>	<u>157,620</u>	<u>33,940</u>	<u>387,635</u>	<u>80,441</u>	<u>46,970</u>	<u>877,080</u>
<b>Net Surplus (Deficit)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# Southwest Michigan Behavioral Health

## Statement of Net Position

March 31, 2026

	Mental Health	Risk Reserve Medicaid	Total PIHP Activities
<b>Assets</b>			
Cash Position	\$ 5,585,926	\$ 796	\$ 5,586,722
Accounts Receivable	8,200	-	8,200
Due From Other Governmental Units	18,088,844	-	18,088,844
Due From Affiliates	18,920,995	-	18,920,995
Due from other funds	-	806,099	806,099
Prepaid Expenses	556,252	-	556,252
Capital assets being depreciated	596,904	-	596,904
<b>Total assets</b>	<b>43,757,121</b>	<b>806,895</b>	<b>44,564,016</b>
<b>Liabilities</b>			
Accounts payable	8,526,000	-	8,526,000
Accrued payroll and benefits	2,007	-	2,007
Due To Affiliates	22,649,978	-	22,649,978
Due to other funds	806,099	-	806,099
Compensated absences	345,470	-	345,470
Lease payable	627,025	-	627,025
Unearned revenue	6,253,034	-	6,253,034
<b>Total liabilities</b>	<b>39,209,613</b>	<b>-</b>	<b>39,209,613</b>
<b>Total net position</b>	<b>\$ 18,844,224</b>	<b>\$ (13,776,678)</b>	<b>\$ 5,354,403</b>

## Southwest Michigan Behavioral Health

### Statement of Activities and Proprietary Funds Statement of

Revenues, Expenses, and Unspent Funds  
October 1, 2025 through March 31, 2026

	Mental Health	Substance Use Disorder	Risk Reserve Medicaid	Total PIHP Activities
<b>Operating revenue</b>				
Medicaid	\$ 152,279,104	\$ 2,434,684	\$ -	\$ 154,713,788
Healthy Michigan	10,762,935	4,772,636	-	15,535,571
Medicaid Hospital Adjuster payment	5,037,163	-	-	5,037,163
Opioid Health Home	-	734,427	-	734,427
SUD Prevention and Treatment	-	3,310,384	-	3,310,384
Public Act 2 Local	-	877,080	-	877,080
Other Grant revenue	179,696	54,106	-	233,802
Performance based incentives/QBIP/OHH P4P	-	-	-	-
Interest revenue	138,297	-	11	138,308
Affiliate local drawdown	426,260	-	-	426,260
Other miscellaneous revenue	-	-	-	-
<b>Total operating revenue</b>	<b>168,823,455</b>	<b>12,183,317</b>	<b>11</b>	<b>181,006,783</b>
<b>Operating expenses</b>				
General Administration:				
Personnel	2,962,670	249,867	-	3,212,537
Facilities	479,961	3,220	-	483,181
Other	483,227	21,942	-	505,169
Claims and Use Taxes:				
Medicaid Services	685,783	-	-	685,783
Healthy Michigan	251,691	-	-	251,691
Hospital Rate Adjuster	5,037,163	-	-	5,037,163
Payments to Affiliates/Providers:				
Medicaid Services	122,110,043	2,320,018	-	124,430,061
Medicaid Services - OHH	-	579,707	-	579,707
Healthy Michigan Services	25,014,305	4,480,936	-	29,495,241
SUD Prevention and Treatment Grant:				
Community Grant	-	1,541,849	-	1,541,849
Other community grant services	-	-	-	-
Other Woman's Specialty services	-	44,844	-	44,844
Prevention services	-	848,470	-	848,470
State Disability Assistance	-	64,773	-	64,773
State Opioid Response (SOR)	-	563,572	-	563,572
Healing and Recovery Infrastructure (HRCEI)	-	95,314	-	95,314
Recovery Incentives Infrastructure	-	41,652	-	41,652
Alcohol Use Disorder Treatment (AUD)	-	65,691	-	65,691
Gambling Disorder Prevention Grant	-	44,219	-	44,219
Public Act 2 expenses	-	877,080	-	-
Other grants	135,162	54,106	-	189,268
Performance based incentives/QBIP/OHH P4P	-	-	-	-
OHH P4P Bonus Award	-	-	-	-
Local Match Drawdown	426,260	-	-	426,260
<b>Total operating expenses</b>	<b>157,586,265</b>	<b>11,897,260</b>	<b>-</b>	<b>168,606,445</b>
<b>CY Unspent funds</b>	<b>11,237,190</b>	<b>286,057</b>	<b>11</b>	<b>12,400,338</b>

## Southwest Michigan Behavioral Health

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

Budget to Actual - Mental Health

October 1, 2025 through March 31, 2026

	Budget	YTD Budget	YTD Actual	Positive (Negative) Variance	Percent Over (Under) Budget
<b>Operating revenue</b>					
Medicaid:					
Capitation	\$ 318,195,416	\$ 159,097,708	\$ 152,279,104	\$ (6,818,604)	(4.29%)
Carryover	-	-	-	-	0.00%
Healthy Michigan:					
Capitation	22,201,491	11,100,745	10,762,935	(337,810)	(3.04%)
HRA Revenue	-	-	5,037,163	5,037,163	0.00%
Other Grant revenue	580,000	290,000	179,696	(110,304)	(38.04%)
Performance based incentives/QBIP/OHH P4P	2,134,267	1,067,134	-	(1,067,134)	(100.00%)
Affiliate local drawdown	852,520	426,260	426,260	-	0.00%
Interest and Other revenues	47,805	23,903	138,297	114,395	478.59%
Other miscellaneous revenue	-	-	-	-	0.00%
<b>Total operating revenue</b>	<b>344,011,499</b>	<b>172,005,749</b>	<b>168,823,455</b>	<b>(3,182,294)</b>	<b>(1.85%)</b>
<b>Operating expenses</b>					
General Administration:					
Personnel	4,279,673	2,139,837	2,962,670	(822,834)	(38.45%)
Facilities	7,263	3,632	479,961	(476,330)	(13116.60%)
Other	450,825	225,413	483,227	(257,815)	(114.37%)
Insurance Provider Taxes	2,910,115	1,455,058	937,474	517,584	35.57%
Hospital Rate Adjuster	12,089,192	6,044,596	5,037,163	1,007,433	16.67%
Local Match Drawdown	852,520	426,260	426,260	-	0.00%
Payments to Affiliates:	301,763,956	150,881,978	147,124,348	3,757,630	
Performance based incentives/QBIP/OHH P4P	-	-	-	-	0.00%
Mental Health Grants	580,000	290,000	135,162	154,838	53.39%
<b>Total operating expenses</b>	<b>322,933,544</b>	<b>161,466,772</b>	<b>157,586,265</b>	<b>3,880,507</b>	<b>2.40%</b>
<b>CY Unspent funds</b>	<b>21,077,955</b>	<b>10,538,977</b>	<b>11,237,190</b>	<b>698,213</b>	
Unspent funds - beginning	7,607,034	7,607,034	7,607,034	-	
<b>Unspent funds - ending</b>	<b>\$ 28,684,989</b>	<b>\$ 18,146,011</b>	<b>\$ 18,844,224</b>	<b>\$ 698,213</b>	

## Southwest Michigan Behavioral Health

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

Budget to Actual - Substance Use Disorder  
October 1, 2025 through March 31, 2026

	YTD Budget	YTD Budget	YTD Actual	Positive (Negative) Variance	Percent Over (Under) Budget
<b>Operating revenue</b>					
Medicaid	\$ 8,442,260	\$ 4,221,130	\$ 2,434,684	\$ (1,786,446)	(42.32%)
Healthy Michigan	12,419,373	6,209,687	4,772,636	(1,437,051)	(23.14%)
Opioid Health Home	1,871,969	935,985	734,427	(201,558)	(21.53%)
SUD Treatment	7,795,203	3,897,602	1,541,849	(2,355,753)	(60.44%)
SUD Women's Specialty	-	-	44,844	44,844	0.00%
SUD state disability assistance	-	-	64,773	64,773	0.00%
SUD prevention	-	-	848,470	848,470	0.00%
State Opioid Response	-	-	563,572	563,572	0.00%
SUD Alcohol Use Disorder	-	-	65,691	65,691	0.00%
Healing & Recovery Engagement & Infrastructure	-	-	95,314	95,314	0.00%
Recovery Incentives Infrastructure	-	-	41,652	41,652	0.00%
Gambling Disorder Prevention Grant	-	-	44,219	44,219	0.00%
Performance based incentives/QBIP/OHH P4P	-	-	-	-	0.00%
Public Act 2 Local	2,184,476	1,092,238	877,080	(215,158)	(19.70%)
Other grant revenue	-	45,240	54,106	8,866	19.60%
<b>Total operating revenue</b>	<b>32,713,281</b>	<b>16,401,881</b>	<b>12,183,317</b>	<b>(4,218,564)</b>	
<b>Operating expenses</b>					
General Administration:					
Personnel	-	-	249,867	(249,867)	0.00%
Facilities	-	-	3,220	(3,220)	0.00%
Other	-	-	21,942	(21,942)	0.00%
Medicaid Services	22,684,580	11,342,290	2,320,018	9,022,272	79.55%
Healthy Michigan Services	-	-	4,480,936	(4,480,936)	0.00%
Opioid Health Home Services	1,871,969	935,985	579,707	356,278	38.06%
OHH P4P Bonus Award	-	-	-	-	0.00%
SUD Prevention, Treatment, and Gambling Grant:					
Community Grant	7,795,203	3,897,602	1,541,849	2,355,753	60.44%
State Disability Assistance	-	-	64,773	(64,773)	0.00%
Womens Specialty Services	-	-	44,844	(44,844)	0.00%
Prevention services	-	-	848,470	(848,470)	0.00%
State Opioid Response III	-	-	563,572	(563,572)	0.00%
Healing and Recovery Infrastructure	-	-	95,314	(95,314)	0.00%
Recovery Incentives Infrastructure	-	-	41,652	(41,652)	0.00%
SUD Alcohol Use Disorder	-	-	65,691	(65,691)	0.00%
Gambling Disorder Prevention Grant	-	-	44,219	(44,219)	0.00%
Public Act 2 expenses:					
PA2 services-Barry	-	-	43,686	(43,686)	0.00%
PA2 services-Berrien	-	-	122,489	(122,489)	0.00%
PA2 services-Branch	-	-	4,299	(4,299)	0.00%
PA2 services-Calhoun	-	-	157,620	(157,620)	0.00%
PA2 services-Cass	-	-	33,940	(33,940)	0.00%
PA2 services-Kalamazoo	-	-	387,635	(387,635)	0.00%
PA2 services-St Joseph	-	-	80,441	(80,441)	0.00%
PA2 services-Van Buren	-	-	46,970	(46,970)	0.00%
Performance based incentives used	-	-	-	-	0.00%
Other grant expense	-	-	54,106	(54,106)	0.00%
<b>Total operating expenses</b>	<b>32,351,752</b>	<b>16,175,876</b>	<b>11,897,260</b>	<b>4,278,616</b>	
Unspent funds - beginning	-	-	-	-	
<b>Unspent funds - ending</b>	<b>\$ 361,529</b>	<b>\$ 226,005</b>	<b>\$ 286,057</b>	<b>\$ (8,497,180)</b>	

# Southwest Michigan Behavioral Health

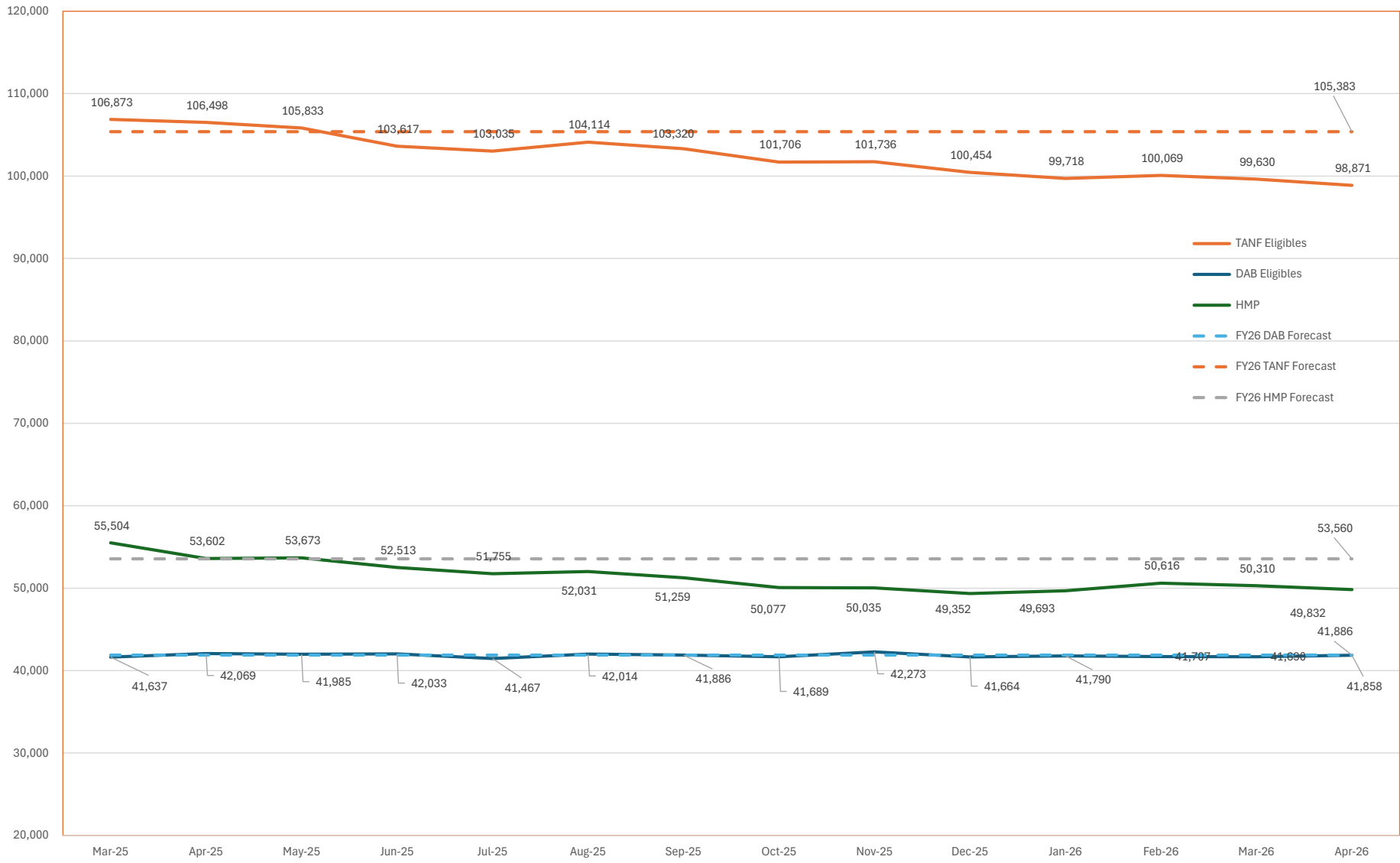
## Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds

Budget to Actual - Medicaid Risk Reserve

October 1, 2025 through March 31, 2026

	YTD Budget	YTD Budget	YTD Actual	Positive (Negative) Variance	Percent Over (Under) Budget
<b>Operating revenue</b>					
Medicaid:					
Interest revenue	\$ 36,212	18,106	\$ 11	\$ (18,095)	(99.94%)
<b>Operating expenses</b>					
Payments to Affiliates:					
Medicaid Services	-	-	-	-	0.00%
Healthy Michigan Services	-	-	-	-	0.00%
Total operating expenses	-	-	-	-	
<b>Unspent funds</b>	36,212	18,106	11	(18,095)	
Unspent funds - beginning	(13,776,689)	(13,776,689)	(13,776,689)	-	
<b>Unspent funds - ending</b>	<u>\$ (13,740,477)</u>	<u>\$ (13,758,583)</u>	<u>\$ (13,776,678)</u>	<u>\$ (18,095)</u>	

Southwest Michigan Behavioral Health  
 Total Eligibles APR '25 - APR '26  
 as of April 30th, 2026



<u>SWMBH Through April</u>	<u>FY26</u>	<u>FY25</u>	<u>% Change YOY</u>	<u>\$ Change YOY</u>
State Plan MH	51,318,476	56,844,832	-9.7%	(5,526,356)
1915i MH	56,779,117	52,755,276	7.6%	4,023,840
Autism	26,559,964	16,873,701	57.4%	9,686,263
<i>Habilitation Supports Waiver (HSW)</i>	40,700,503	37,268,745	9.2%	3,431,757
<i>Child Waiver Program (CWP)</i>	521,639	530,758	-1.7%	(9,118)
<i>Serious Emotional Disturbances (SED)</i>	403,876	306,442	31.8%	97,434
<b>Net Capitation Payment</b>	<u>176,283,266</u>	<u>164,579,754</u>	7.1%	11,703,511
				-
State Plan SA	2,838,098	4,591,516	-38.2%	(1,753,418)
<b>Net Capitation Payment</b>	<u>2,838,098</u>	<u>4,591,516</u>	-38.2%	(1,753,418)
				-
Healthy Michigan Mental Health	12,542,281	14,470,470	-13.3%	(1,928,188)
Healthy Michigan Autism	1,318	23,514	-94.4%	(22,196)
<b>Net Capitation Payment</b>	<u>12,543,599</u>	<u>14,493,984</u>	-13.5%	(1,950,384)
				-
Healthy Michigan Substance Abuse	5,568,945	7,939,845	-29.9%	(2,370,900)
<b>Net Capitation Payment</b>	<u>5,568,945</u>	<u>7,939,845</u>	-29.9%	
				-
<b>GRAND TOTAL</b>	<b>197,233,907</b>	<b>191,605,099</b>	<b>2.9%</b>	<b>5,628,808</b>

as of 5/1/2026

**State Plan, 1915i, B3 and Autism have DAB and TANF payments included.**

*DAB refers to the "disabled, aged, or blind" eligibility categories for Medicaid programs.*

*TANF refers to "Temporary Assistance for Needy Families" for Medicaid programs.*



Revenue Tracking of Expected Funds	FY26 Revenue						FY26 Revenue YTD					
	FY26 Budget	Actual Payment	Accrual	Actual Annualized	Variance \$	Variance %	Budget YTD	Actual	Accrual	YTD	Variance \$	%
Medicaid	242,191,562.82	235,706,836.78	-	235,706,836.78	(6,484,726.04)	-2.7%	141,278,411.65	137,495,654.79	-	137,495,654.79	(3,782,756.85)	-2.7%
Habilitation Supports Waiver (HSW)	70,682,821.26	69,772,290.38	962,879.32	70,735,169.69	52,348.43	0.1%	41,231,645.74	40,700,502.72	962,879.32	41,663,382.04	431,736.30	1.0%
Child Waiver Program (CWP)	964,208.87	894,238.71	-	894,238.71	(69,970.16)	-7.3%	562,455.17	521,639.25	-	521,639.25	(40,815.92)	-7.3%
Serious Emotional Disturbances (SED)	226,288.62	692,359.20	-	692,359.20	466,070.58	206.0%	132,001.70	403,876.20	-	403,876.20	271,874.51	206.0%
Healthy Michigan Mental Health	34,620,863.28	31,160,957.83	-	31,160,957.83	(3,459,905.45)	-10.0%	20,195,503.58	18,177,225.40	-	18,177,225.40	(2,018,278.18)	-10.0%
<b>Overall Net Capitation Payment</b>	<b>348,685,744.85</b>	<b>338,226,682.90</b>	<b>962,879.32</b>	<b>339,189,562.22</b>	<b>(9,496,182.63)</b>	<b>-2.72%</b>	<b>203,400,017.83</b>	<b>197,298,898.36</b>	<b>962,879.32</b>	<b>198,261,777.68</b>	<b>(5,138,240.15)</b>	<b>-2.53%</b>



Budgeted Funds
Over - Variance
Under - Variance
Accrued Funds

**SWMBH SERVICES ADMINISTRATIVE CONTRACTS**

(October 2025-March 2026)

**AUNALYTICS**

<b>Deliverables/Services</b>	<ul style="list-style-type: none"><li>• Provides Data Center &amp; Storage Services</li><li>• Web Hosting</li><li>• Cloud Computing Services</li><li>• Network Infrastructure</li><li>• VOIP</li><li>• Wireless Communications</li><li>• Hardware and Software Needs (with Helpdesk Support)</li><li>• Related Project Management</li></ul>
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FY26 Expenditure: \$158,170 (FY25 Expenditure: \$161,132)

**BLUE FIRE MEDIA, INC**

<b>Deliverables/Services</b>	<ul style="list-style-type: none"><li>• Supports the SWMBH public website</li></ul>
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FY26 Expenditure: \$0 ( FY25 Expenditure: \$875)

**CAPITOLINE CONSULTING**

<b>Deliverables/Services</b>	<ul style="list-style-type: none"><li>• Consultation service on federal policy, regulations &amp; funding opportunities</li><li>• Secure materials and prepare briefs summarizing attended events</li></ul>
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FY26 Expenditure: \$7,200 (FY25 Expenditure: \$7,200)

**CONTRACT PHYSICIANS**

<b>Deliverables/Services</b>	<ul style="list-style-type: none"><li>• Program policy issue consultation</li><li>• Service guideline consultation and review</li><li>• Medical policy review and approval</li><li>• SWMBH credentialing panel participant</li><li>• Consultation provided to Member Services and Contractor Network Management as necessary</li><li>• On-call Medical decisions with Utilization Management during non-business hours</li><li>• BH Human Resource Management Committee consultant</li></ul>
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FY26 Expenditure: \$47,987 ( FY25 Expenditure: \$41,668)

<b>ELEOS HEALTH</b>	
<b>Deliverables/Services</b>	<ul style="list-style-type: none"> <li>• Software for Behavioral health</li> <li>• Platform Provisioning for Documentation</li> </ul>
	FY26 Expenditure: \$577,368 ( FY25 Expenditure: \$566,535)
<b>MORC, INC</b>	
<b>Deliverables/Services</b>	<ul style="list-style-type: none"> <li>• Support intensity scale assessment training</li> </ul>
	FY26 Expenditure: \$0 ( FY25 Expenditure: \$1,800)
<b>GRYPHON</b>	
<b>Deliverables/Services</b>	<ul style="list-style-type: none"> <li>• After hours phone answering served for SUD phone lines</li> </ul>
	FY26 Expenditure: \$53,850 ( FY25 Expenditure: \$34,895)
<b>QUEST ANALYTICS, LLC</b>	
<b>Deliverables/Services</b>	<ul style="list-style-type: none"> <li>• Annual Software licensing cost</li> <li>• To Provide Network Adequacy analysis</li> </ul>
	FY26 Expenditure: \$0 ( FY25 Expenditure: \$8,545)
<b>REHMANN</b>	
<b>Deliverables/Services</b>	<ul style="list-style-type: none"> <li>• Regional revenue and expense analysis</li> </ul>
	FY26 Expenditure: \$36,576 ( FY25 Expenditure: \$20,464)
<b>RELIAS POPULATION HEALTH (FORMERLY CARE MANAGEMENT TECHNOLOGIES, INC)</b>	
<b>Deliverables/Services</b>	<ul style="list-style-type: none"> <li>• Licensed proprietary healthcare data analytics solution</li> <li>• Analyze data in order to determine opportunities for improving care and decreasing costs for SWMBH and CMHSPs</li> <li>• Install and manage population health and case level user application</li> </ul>
	FY26 Expenditure: \$47,917 ( FY25 Expenditure: \$87,569)
<b>ROSE ST ADVISORS/HRM INNOVATIONS, INC</b>	
<b>Deliverables/Services</b>	<p>Provides support, direction and consultation in the area of Human Resources ensuring federal and state regulations and standards are met. Tasks include, but not limited to:</p> <ul style="list-style-type: none"> <li>• Cultural Insights Surveys</li> <li>• Strategic leadership planning</li> <li>• Human Resource Consulting</li> <li>• Recruiting</li> </ul>
	FY26 Expenditure: \$4,375 ( FY25 Expenditure: \$14,206)

<b>ROSLUND PRESTAGE &amp; COMPANY, P.C</b>	
<b>Deliverables/Services</b>	<ul style="list-style-type: none"> <li>Financial, Compliance, and Single audit</li> </ul>
	FY26 Expenditure: \$37,231 ( FY245 Expenditure: \$18,950)
<b>STREAMLINE HEALTHCARE SOLUTIONS</b>	
<b>Deliverables/Services</b>	<ul style="list-style-type: none"> <li>Streamline Care Management System is a desktop application used to manage and pay external providers</li> </ul>
	FY26 Expenditure: \$137,170.43 ( FY25 Expenditure: \$118,920)
<b>TBD SOLUTIONS LLC</b>	
	<ul style="list-style-type: none"> <li>Level of Care Data Analytics and Guidelines project</li> <li>Strategic Planning Support</li> <li>Internal Functional assessment of UM Call Center and Provider Network</li> </ul>
	FY26 Expenditure: \$0 ( FY25 Expenditure: \$10,478)
<b>VARNUM LLP</b>	
<b>Deliverables/Services</b>	<ul style="list-style-type: none"> <li>General Counsel. Retirement plans and labor law legal consultation</li> </ul>
	FY26 Expenditure: \$ 8,593( FY25 Expenditure: \$95,273)
<b>VOICES FOR HEALTH</b>	
<b>Deliverables/Services</b>	<ul style="list-style-type: none"> <li>Translation and Interpretation services</li> </ul>
	FY26 Expenditure: \$7,714 ( FY25 Expenditure: \$13,067)

**Contract Services (through March 31, 2026)**

**FY 2026 Actual: \$1,124,901**

**FY 2025 Actual: \$1,201,577**

**Delta \$: -76,675**

**Delta %: -6.38**

## Southwest Michigan Behavioral Health (SWMBH) Financial Management Plan

This Financial Management Plan is prepared as an integral part of the annual operational and fiscal budget planning process. The Financial Management Plan shall be approved by SWMBH Board on an annual basis. Material revisions not directly a result of change in federal or state statute or regulation or SWMBH – Michigan Department of Health and Human Services MDHHS Contract terms shall also be approved by SWMBH Board before implementation. The Bylaws of SWMBH refer to the annual Financial Management Plan approved by SWMBH Board as the means to satisfy the legal requirements of the Michigan Mental Health Code, MCL 330.1204b.

SWMBH Financial Management Plan on a consolidated basis shall include:

- A Consolidated Executive Summary of the most significant operational proposals, changes or initiatives of SWMBH or a participating CMHSP, including the financial impacts thereof.
- A Consolidated Summary of Key Statistical Information, Projections and Assumptions.
- A Consolidated Summary Statement of Budgeted Income and Expense by payor and business segment.
- A description and *pro forma* computation of the manner for equitably providing for, obtaining, and allocating revenues between SWMBH and participating CMHSPs in sufficient detail to satisfy the requirements of the Michigan Mental Health Code, MCL 330.1204b(1)(c)(i).
- A description and *pro forma* computation of the method or formula for equitably allocating and financing SWMBH's capital and operating costs, payments to reserve funds authorized by law, and payments of principal and interest on obligations in sufficient detail to satisfy the requirements of the Michigan Mental Health Code, MCL 330.1204b(1)(c)(ii).
- A description and *pro forma* computation of the method for allocating any of SWMBH's other assets if applicable and in sufficient detail to satisfy the requirements of the Michigan Mental Health Code, MCL 330.1204b(1)(c)(iii).
- A description and *pro forma* computation of the manner in which, after the completion of its purpose as specified in SWMBH's bylaws, any surplus funds shall be returned to the DHHS in sufficient detail to satisfy the requirements of the Michigan Mental Health Code, MCL 330.1204b(1)(c)(iv).
- A description of the process providing for strict accountability of all funds and the manner in which reports, including an annual independent audit of all SWMBH's receipts and disbursements, shall be prepared and presented. This will be in sufficient detail to satisfy

the requirements of the Michigan Mental Health Code, MCL 330.1204b(1)(e).

- A *pro forma* of the State required financial status and other mandated reports prepared with budgetary information.

SWMBH Consolidated Financial Management Plan will be reviewed annually by participating CMHSPs. At the participating CMHSP level, the CMH proposed budget shall constitute a request for funding by SWMBH for its applicable allocated and apportioned cost. Each participating CMHSP submits to SWMBH a *pro forma* of the State required financial status and other mandated reports prepared with budgetary information.

SWMBH and participating CMHSPs will comply with The Mental Health Code, the MDHHS Rules, the MDHHS/PIHP Master Contracts, and applicable State and federal laws, regulations, rules, policies and procedures, including but not limited to Balanced Budget Act (BBA) of 1997 as amended and OMB Super Circular.

## Financial Management Functions

SWMBH will be responsible for its own financial management functions. Financial management functions for SWMBH include at least the following:

- 1) Budgeting
- 2) General accounting
- 3) Financial reporting, analysis, and monitoring,
- 4) Financial risk management
- 5) Investments management
- 6) Supervision of external audits, internal audits, and internal controls
- 7) Payments for SUD, Financial Status Reports (FSR's) and invoices.
- 8) Cost allocation process

These functions will be performed by SWMBH finance staff under the management direction of SWMBH Chief Financial Officer.

Similar functions will continue to be performed at the participating CMHSPs because they are independent legal entities and have local responsibilities and independent contractual obligations outside of the business relationships with SWMBH.

### 1. Budgeting – Annual Projections of Revenues and Expenditures

The primary purpose of SWMBH is to contract with the State of Michigan and other payers for services and supports to be delivered to or arranged for covered eligible populations in the region. These services and supports for the regional service area will be provided or arranged for by SWMBH, its participating CMHSPs or others as agreed upon in writing.

### Medicaid 1915 (b) / (c) Waiver

The annual budget shall be prepared and presented as an integral part of the annual financial

management plan to be reviewed and approved by SWMBH Board.

SWMBH CFO will provide revenue projections for each participating CMHSP. Assuming the Medicaid contract continues as a per eligible per month (PEPM) regional rate capitation for eligible populations (from MDHHS to SWMBH), the allocation of SWMBH capitation revenue to the CMHSP of financial responsibility will continue to use the same funding allocation methodology as its starting point for interim payments and annual net cost budget limitations.

This methodology would follow the demographic, coverage levels, rate cells and regional PEPM rates inherent in the regional capitation determination and would fluctuate from month to month based on actual and confirmed eligibility fluctuations. Since the contractual relationship would not be a risk-sharing capitation between SWMBH and CMHSP's, the need for actuarial determinations or findings of "actuarial soundness" of CMH sub-capitation style payments is not required. This funding methodology is best referred to as a sub-capitation style interim payment with an annual net cost budget limitation and net cost settlement.

Recognizing that a regional rate may not be equivalent to the true, appropriate and medically necessary cost of services and supports for the entire eligible population in a specific participating CMHSP's service area, "needs based" funding adjustments for benefit stabilization could be made in the annual prospective funding allocation developed by SWMBH and as approved by SWMBH Board.

SWMBH is the sole party at- risk with the MDHHS. SWMBH will cost settle with the MDHHS. SWMBH would retain any year end contract savings (Medicaid savings), risk reserves and other funds consistent with MDHHS/PIHP contract. For participating CMHSPs the annual net cost budget limitation will be established in the budget and financial management planning process and adjust for changes in eligible covered lives. SWMBH Board may approve prospective performance incentives and sanctions for participating CMHSPs upon SWMBH management request.

Participating CMHSPs shall provide to PIHP on a quarterly basis, the obligation for local funds as a bona fide source of match for Medicaid. The payments shall be submitted to SWMBH in accordance with the schedule established by the MDHHS. SWMBH and participating CMHSPs shall establish mechanisms to assure that the local match of each participating CMHSP is funded at the adequate level. Any participating CMHSP that projects a problem or issue with local match funding shall immediately notify SWMBH. A plan of correction must be completed and sent to SWMBH within ten (10) business days of the identification of the problem.

Capitation revenues by participating CMHSP will be used as the basis of allocation of regional cost and other regional financial considerations applicable to SWMBH expense. This percentage will be established annually during the budget setting process.

The net result would constitute the sub-contract annual net cost budget limitation amount for each participating CMHSP. This initial sub-contract amount would be a "costs not to exceed" and would be subject to cost settlement to be described in the subcontract between SWMBH and the participating CMHSP. Participating CMHSPs are required to provide all medically necessary services to Medicaid beneficiaries, subject to SWMBH utilization management, evidence-based practice guidelines and other relevant policy.

## Healthy Michigan Plan

Allocation of Healthy Michigan Plan revenues to SWMBH is determined by the State based on participants in the plan in our region.

Autism is now included as part of the regions capitated funding. The PIHP is responsible for providing the covered services as described in the Michigan Medicaid Provider Manual.

## Substance Abuse Prevention and Treatment Block Grant/PA2

Allocation of substance use prevention and treatment Block Grant and PA2 revenues among participating CMHSPs are determined by eligibles within the region, allocations based on the 2020 Census and regional county board request. PA2 funds and budgets are reserved to the sole authority of the Substance Use Disorder Oversight Policy Board.

## Other Revenues

SWMBH Board considers recommendations for other contracts and thus revenues and expense allocation on a case by case basis. SWMBH Board may allocate other contracts and revenues among participating CMHSPs and SWMBH based on a number of beneficiaries or other relevant statistics. SWMBH management will determine course of action for regional grants, if any, consistent with the Operating Agreement requirements.

### 1. Budget Preparation

SWMBH CFO will prepare annual budget for centralized operations that include:

- An Executive Summary of significant operational proposals, changes or initiatives including the financial impacts thereof.
- A Summary of Key Statistical Information, Projections and Assumptions.
- A Summary Statement of Budgeted Income and Expense by payor and segment.
- A detail Operating Budget including revenue and expense at the account and cost center level, with a staffing table at the position and cost center level.
- A Capital Budget showing anticipated replacement or new investment in capital assets.

Annual budget for SWMBH centralized operations will be approved by SWMBH Board.

### 2. General Accounting

SWMBH maintains accounting and financial reporting system in accordance with Generally Accepted Accounting Principles (GAAP). The accounting procedures and internal financial controls of SWMBH shall conform to Generally Accepted Accounting Principles (GAAP) for

governmental units. SWMBH shall maintain accounts and source records in which any and all revenues received and expenses incurred are ascertainable and verifiable and include date of receipt / payment and sources of funds. SWMBH shall have a certified public accounting firm perform an annual independent audit of it in substantial conformance with the American Institute of Certified Public Accountants Guide to assess compliance with the appropriate standard accounting practices and procedures and MDHHS contract requirements.

### 3. Financial Reporting, Analysis, and Monitoring

SWMBH shall review its Financial Management Plan not less than annually and revise the plan as necessary to maintain an adequate and acceptable level of financial management. To ensure the financial stability of SWMBH, financial activities shall be performed in accordance with applicable federal and state guidelines, rules and regulations as may apply.

Financial management reports for SWMBH and each participating CMHSP shall be prepared monthly and presented to the respective boards of directors and administrative management. SWMBH shall establish the timing and content for required submission of financial management reports and other data from participating CMHSPs.

### 4. Financial Risk Management: See 8.2 Financial Risk Management Plan Investment Management

It is the business practice of SWMBH to invest remaining funds in a manner which will provide the highest available investment return with reasonable and prudent security while meeting the daily cash flow objectives of the entity and conforming to all State statutes governing investment of public funds Public Act 20 of 1943 as amended. Further information is provided on investment management in the Region Entity Investment Policy and ISF policy.

### 5. Supervision of External Audits, Internal Audits, and Internal Controls

Independent Annual Audit - SWMBH and each participating CMHSP shall ensure the completion of an annual financial audit performed by an independent certified public accountant. A copy of the audit report, audited financial statements, footnotes and supplementary schedules, along with the management letter and management's response to the management letter, shall be submitted to SWMBH within 5 business days of CMH Board receipt of the audit.

Compliance Examination - SWMBH will commission an independent certified public accounting firm to complete the MDHHS required compliance examination for SWMBH and each participating CMHSP. The compliance examination is to assure conformity with specified contract requirements established by SWMBH, MDHHS and other payers. A copy of the participating CMHSP compliance examination report and management's response thereto shall be submitted to SWMBH at the close of the audit, received from the PIHP commissioned auditors within 10 business days of its completion by the audit firm.

Internal Audits – SWMBH will perform internal audits on as needed basis.

Internal Controls - SWMBH shall maintain appropriate written policies, and shall maintain the procedures necessary to carry out those policies, that ensure adequate internal controls in accordance with regulatory and contractual requirements and generally accepted accounting principles.

## 6. Claims Adjudication and Payment

For consistency of policy, process and reporting, SWMBH will utilize a regional claims processing system/process for adjudication of all provider claims and service encounters for which it is the contract holder. Participating CMHSPs may utilize this system/process to adjudicate its external provider claims as needed or the CMHSP will adopt uniform claims adjudication and payment policies that adhere to those utilized at SWMBH or prior approved by SWMBH. This process is managed and monitored by the Operations and Compliance programs of SWMBH.

## 7. Cost Allocation Process

With respect to the MDHHS capitated funding SWMBH will employ a sub capitation-style interim payment methodology with annual cost settlement to fund the services and activities of the participating CMHSPs. It shall be the policy of SWMBH that SWMBH will prepare a Cost Allocation Plan as an integral part of their annual budget process and is suggested that each participating CMHSP prepare the same but must adhere to GAAP and the OMB Super Circular.

# Southwest Michigan Behavioral Health (SWMBH) Financial Risk Management Plan Fiscal Year 2026

*SWMBH March 2026*

## **1115 Demonstration waiver, 1915 (c)/(i), and Autism Program**

SWMBH is solely responsible for Medicaid and Healthy Michigan Plan supports and services and any cost overruns at participating CMHSPs or in the aggregate. SWMBH will deduct and retain a portion of contract revenues to fund and maintain an Internal Service Fund (risk reserve) or purchase risk reinsurance, at levels appropriate for this purpose. SWMBH will maintain a funded Medicaid Internal Service Fund (ISF) Risk Reserve as its primary risk protection to assure that its risk commitment is met. This segregated risk reserve shall be funded based on state maximums and allowed risk reserve valuations in accordance with Governmental Accounting Standards Board Statement #10 (GASB10) or method deemed appropriate as described in the MDHHS contract.

Beyond this and in further protection of SWMBH, participating CMHSPs will submit timely, complete, and accurate financial information, results of operations and apportioned regional contract cost compared to sub-contract revenues which balance to actual confirmed claims and encounters. This shall be in a form and format determined by SWMBH.

This reporting will be inclusive of the activities of the CMHSP. While SWMBH has responsibility for only the regional contract activities and cost, SWMBH has to assure that it is being charged for only those costs that are ordinary and necessary, properly assigned, allocated and apportioned, for appropriate, medically necessary, covered services provided or arranged for contracted eligible beneficiaries.

Furthermore, SWMBH recognizes the importance of the financial stability and viability of participating CMHSPs. To this end, SWMBH will actively collaborate with CMHSPs to:

- **Enhance financial transparency and understanding:** Through regular communication and joint reviews, SWMBH will work with CMHSPs to ensure accurate cost tracking and reporting.
- **Provide proactive support and guidance:** SWMBH will offer ongoing technical assistance to CMHSPs, including on-site and off-site support, to assist with financial management and service delivery.
- **Develop and implement collaborative solutions:** In instances where a CMHSP may exceed or project to exceed its sub-contract revenue amount, SWMBH will work closely with the CMHSP to:
  - **Identify potential cost-saving measures:** Explore opportunities to improve efficiency and reduce unnecessary expenditures.
  - **Develop and implement a joint action plan:** Collaboratively develop and implement an Action Plan focused on long-term sustainability and improved financial performance.

# Southwest Michigan Behavioral Health (SWMBH) Financial Risk Management Plan Fiscal Year 2026

SWMBH, if imposed with any contractual remedies, sanctions or penalties by a regulatory body or contractual payor that is a direct result of participating CMHSP failure to perform or rectify the participating CMHSP shall hold SWMBH harmless and make whole SWMBH for cost incurred or revenues lost as a result, with non-Medicaid funds.

## Healthy Michigan Plan

SWMBH is solely responsible for Healthy Michigan supports and services and any cost overruns at participating CMHSPs or in the aggregate. To this end, SWMBH will deduct and retain a portion of contract revenues to fund and maintain an Internal Service Fund (risk reserve) and/or to purchase risk reinsurance, at levels appropriate for this purpose. SWMBH maintains a funded Medicaid Internal Service Fund (ISF) Risk Reserve as its primary risk protection to assure that its risk commitment is met. This segregated risk reserve shall be funded based on actuarially determined risk reserve valuations in accordance with Governmental Accounting Standards Board Statement #10 (GASB10) or method deemed appropriate as described in the MDHHS contract.

## Substance Abuse Prevention and Treatment Block Grant/PA2

Allocation of substance use prevention and treatment Block Grant and PA2 revenues among participating CMHSPs are determined by eligible within the region, allocations based on the 2020 Census and regional county board request. PA2 funds and budgets are reserved to the sole authority of the Substance Use Disorder Oversight Policy Board. These are not entitled services and these services maybe reduced/suspended or terminated by SWMBH for lack of funding.

## Other Revenues

SWMBH management and/or Board considers recommendations for other contracts and thus revenues and expense allocation on a case-by-case basis. SWMBH Board may allocate other contracts and revenues among participating CMHSPs and SWMBH based on several beneficiaries or other relevant statistics. SWMBH management will determine course of action for regional grants, if any, consistent with the Operating Agreement requirements.

## Investment Management

It is the business practice of SWMBH to invest remaining funds in a manner which will provide the highest available investment return with reasonable and prudent security while meeting the daily cash flow objectives of the entity and conforming to all State statutes governing investment of public funds. Further information is provided on investment management in the Region Entity Investment Policy

# Southwest Michigan Behavioral Health (SWMBH) Financial Risk Management Plan Fiscal Year 2026

## Supervision of External Audits, Internal Audits, and Internal Controls

Independent Annual Audit - SWMBH and each participating CMHSP shall ensure the completion of an annual financial audit performed by an independent certified public accountant. A copy of the audit report, audited financial statements, footnotes and supplementary schedules, along with the management letter and management's response to the management letter, shall be submitted to SWMBH after the presentation to the CMHSP Board.

Compliance Examination - SWMBH will commission an independent certified public accounting firm to complete the MDHHS required compliance examination for SWMBH and each participating CMHSP. The compliance examination is to assure conformity with specified contract requirements established by SWMBH, MDHHS and other payers. A copy of the participating CMHSP compliance examination report and management's response thereto shall be submitted to SWMBH within 10 days of its completion by the audit firm unless received by current SWMBH auditors.

Internal Audits– SWMBH will perform internal audits on as needed basis.

Internal Controls - SWMBH shall maintain appropriate written policies and shall maintain the procedures necessary to carry out those policies, that ensure adequate internal controls in accordance with regulatory and contractual requirements and generally accepted accounting principles.

## Southwest Michigan Behavioral Health (SWMBH) Cost Allocation Plan for Community Mental Health Service Providers (CMHSP's)

### *POLICY*

SWMBH will employ a sub capitation-style interim payment methodology with annual cost settlement to fund the services and activities of the participating CMHSP's for those funds received by the PIHP under the contract with Michigan Department Health and Human Services (MDHHS). It shall be the policy of SWMBH, that SWMBH and each of the participating CMHSPs prepare a Cost Allocation Plan as an integral part of their annual budget process. All SWMBH CMHSP's utilize the Standard Cost Allocation (SCA) model and have specific instructions and requirements outlined by the MDHHS on the methodology.

The Cost Allocation Plan shall, at a minimum:

1. Describe the procedures used to identify, measure, and allocate all costs to each of the programs operated by the organization.
2. Conform to the accounting principles and standards prescribed in pertinent contractual agreements, regulations, and other authoritative literature (i.e., GAAP, GASB, OMB Super Circular), 2 CFR 200.
3. Contain sufficient information, in such detail, to permit making an informed judgment on the correctness and fairness of the procedures for identifying, measuring, and allocating all costs to each of the programs operated by the organization.

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### *AUTHORITATIVE GUIDANCE*

Authoritative guidance for this policy can be found in the following:

1. The MDHHS contract and other state and federal law, regulation, and promulgation.
2. Office of Management and Budget, Super Circular, (formally OMB A-87, Cost Principles for State, Local, and Indian Tribal Governments, with reference to Attachment D and the referenced 45 CFR Part 95, 2 CFR 200 Subpart E.

Generally Accepted Accounting Principles (GAAP), with reference to Governmental Accounting Standards Board (GASB) Statement #34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (June 1999), and GASB Statement #10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues (November 1989).

### *ADEQUACY OF COST INFORMATION*

Cost information must be current, accurate, and in sufficient detail to support payments made for services rendered. This includes all ledgers, books, records and original evidence of cost (purchase requisitions, purchase orders, vouchers, requisitions for materials, inventories, labor timecards, payrolls, bases for apportioning costs, etc.), which pertain to the determination of reasonable cost, capable of being audited.

Financial and statistical records should be maintained in a consistent manner from one period to another. However, a proper regard for consistency need not preclude a desirable change in accounting procedures, provided that full disclosure of significant change is made.

### *ADEQUATE COST DATA AND COST FINDING*

#### PRINCIPLE

Organizations receiving payment based on reimbursable cost must provide adequate cost data based on financial and statistical records, which can be verified by qualified auditors. The cost data must be based on an approved method of cost finding and on the accrual basis of accounting.

#### DEFINITIONS

##### Accrual Basis of Accounting

Under the accrual basis of accounting, revenue is recorded in the period when it is earned, regardless of when it is collected, and expenditures for expense and asset items are recorded in the period in which they are incurred, regardless of when they are paid.

##### Allocable Costs

An item or group of items of cost chargeable to one or more objects, processes, or operations in accordance with cost responsibilities, benefits received, or other identifiable

measure of application or consumption.

#### Directly Allocable Costs

Directly allocable costs are chargeable based on actual usage (e.g., metered electricity) rather than a statistical surrogate.

#### Indirectly Allocable Costs

Indirectly allocable costs are not chargeable based on actual usage, and thus, must be allocated based on a prospectively documented statistical surrogate (e.g., square feet).

#### Applicable Credits

Those receipts or types of transactions which offset or reduce expense items that are allocable to cost centers as direct or indirect costs. Typical examples of such transactions are: purchase discounts, rebates, or allowances; recoveries or indemnities on losses; sales of scrap or incidental services; adjustments of overpayments or erroneous charges; and other income items which serve to reduce costs (*i.e.*, *COBRA receipts*).

#### Charges

The regular rates established by the provider for services rendered eligible individuals and to other paying patients. Charges should be related consistently to the cost of the services and uniformly applied to all patients. (*i.e.*, *Gross Standard Charge Rate*.)

#### Cost Finding

Cost Finding is a determination of the cost of services using informal procedures, *i.e.*, without employing the regular processes of cost accounting on a continuous or formal basis. It is the determination of the cost of an operation by the assignment of direct costs and the allocation of indirect costs.

#### Cost Center

An organizational unit, generally a department or its subunit, having a common functional purpose for which direct and indirect costs are accumulated, allocated and apportioned. In addition, those natural expense classifications may be accumulated in separate cost centers created to accumulate these indirectly allocable costs such as depreciation, facilities, and fringe benefits. These cost centers also fall under this definition to facilitate cost finding and cost allocation.

#### General Service Costs Centers (Nonrevenue Producing)

General Service (or Nonrevenue Producing) Costs Centers are those organizational units that are operated for the benefit of the organization. Each of these may render services to other general service areas as well as to Revenue Producing Cost Centers.

For the CMHSP and PIHP environment, General Service Cost Centers can be further differentiated and grouped by function into:

- General and Board Administrative functions

- Managed Care Administrative functions
- Program Administrative functions

#### Revenue Producing Cost Centers

Revenue Producing Cost Centers are those that usually provide direct identifiable services to individual consumers.

For the CMHSP and PIHP environment, Revenue Producing Cost Centers can be further differentiated and grouped by similar business activity into:

- Managed Care Risk Contracts (Medicaid, Healthy Michigan, MI Health Link)
- Service and Support Programs (direct-operated programs)
- Grants and Other Earned Contracts

Each CMHSP will incorporate unit costs into Encounter Quality Initiative (EQI) reports:

1. Each CMHSP will submit EQI reports to the PIHP based on the schedule identified in the Michigan Department of Health and Human Services (MDHHS) contract; and
2. The PIHP will compile data into one PIHP report for submission to MDHHS.

#### *DETERMINATION OF COST OF SERVICES*

#### PRINCIPLE OF COST APPORTIONMENT

Total allowable costs of an organization are apportioned between contract eligible individuals and other individuals so that the share borne by the contract is based upon actual services received by contract eligible individuals.

#### Departmental Method

This method of apportionment is the ratio of covered services furnished to contract eligible individuals to total supports and services furnished to all the organizations' contract and non-contract individuals, applied to the cost of the department.

#### COST APPORTIONMENT FOR COST-BASED CMHSP'S

The term apportionment, as used here, refers to the process of distributing allowable costs among various groups of cost-based eligible individuals and other non-eligible individuals.

The total allowable cost of supports and services furnished to contract eligible individuals shall be apportioned to the contract on the basis of the ratio of covered supports and services furnished to contract eligible individuals to total supports and services furnished to all the organizations' contract and non-contract individuals. For purposes of this apportionment, the preferred methods are based on RUUAC as defined above.

The PIHP must use a method for reporting costs and statistics that results in an accurate and

equitable allocation of allowable costs and is justifiable from an administrative and cost efficiency standpoint.

#### OBJECTIVES OF APPORTIONMENT

The objectives of the apportionment process are to assure that:

- Costs of covered supports and services provided to eligible individuals under contract will not be borne by other contracts or other individuals.
- Costs of supports and services to non-contract and other non-eligible individuals will not be borne by the contract.

#### PROVIDER SERVICES FURNISHED UNDER ARRANGEMENTS

Costs of covered services furnished to contract eligible individuals through arrangements with non-plan providers, in most cases, are the amount the CMHSP/PIHP pays the provider under its financial arrangement, to the extent it is found reasonable.

#### APPORTIONMENT OF ADMINISTRATIVE AND GENERAL COSTS NOT DIRECTLY ASSOCIATED WITH PROVIDING SUPPORTS AND SERVICES

Enrollment and membership costs, as well as other administrative and general costs of the CMHSP that benefit the total eligible population of the CMHSP which are not directly associated with providing supports and services, are apportioned on the basis of a ratio of contract eligible population to total PIHP eligible population. These costs are classified as Plan Administration costs. (*i.e., Managed Care Administrative Costs.*)

#### ALLOCATION AND DISTRIBUTION OF OTHER ADMINISTRATIVE AND GENERAL COSTS

Administrative and General (A&G) costs, other than those described immediately above, which bear a significant relationship to the services rendered are not apportioned to risk contracts directly. Instead, these costs are allocated or distributed to the components of the CMHSP, which, in turn, are then apportioned to risk contracts.

#### COST CENTER FUNCTIONAL DEFINITION

The cost allocation plan process recognizes that the organization of cost centers for internal accounting and management responsibility in the formal accounting system may not adequately segregate costs by functional activity for the purpose of reimbursable cost computation. This is particularly critical within non-revenue producing administrative and general service cost centers.

For cost allocation plan purposes, segregation of costs by functional area is required if the costs are material, the effect of not segregating the costs is significant and if an appropriate basis for cost allocation is available. The functional areas are described below.

For example, if the above conditions are met, the cost of Billing and Accounts Receivable, and Claims and Financial Risk Management would be segregated from General Financial

Management and Accounting. However, if not material, not significant or not appropriate, these would not be segregated but allocated together with General and Board Administrative Functions.

The same would apply to such functions as Quality Improvement and Recipient Rights, as similar examples.

### GENERAL AND BOARD ADMINISTRATIVE FUNCTIONS

General and Board Administrative functions are those that support the entire organization and are typically allocated to all other revenue and non-revenue producing cost centers typically based on accumulated cost. These costs will be allocated first.

General and Board Administrative functions typically include:

- Board and Executive Administration
- Financial Management and Accounting
- Human Resources and Employee Benefit Management
- Information Systems and Data Processing
- Other functions that benefit the entire organization as a whole

General and Board Administrative costs may also include costs that would otherwise be costs of other functional areas but where the cost of these other functions is immaterial, the effect of segregation is insignificant or an appropriate basis for separate cost finding is not available. Costs associated with other functional areas must be segregated and reclassified prior to allocation, if they are material, their effect is significant, and an appropriate basis exists.

### PROGRAM ADMINISTRATIVE FUNCTIONS

Program Administrative functions are those that support the direct-operated Service and Support Programs of the organization. These are typically allocated to all Service Program revenue and non-revenue producing cost centers based on accumulated cost. These costs include the proportional share of General and Board Administrative costs previously allocated as discussed above.

Program Administrative functions typically include:

- Program Management and Supervision
- Reception and Appointment Scheduling
- Records Maintenance
- Billing and Accounts Receivable
- Quality Improvement of direct-operated programs
- Recipient Rights, as a direct-operated program

- Other functions that benefit only direct-operated programs

### MANAGED CARE ADMINISTRATIVE FUNCTIONS

Managed Care Administrative functions are those that support the Pre-paid Inpatient Health Plan responsibilities under risk contracts for eligible individuals and are typically apportioned to risk contracts based on eligible lives. These costs include the proportional share of General and Board Administrative costs previously allocated as discussed above.

Managed Care Administrative functions typically include the following:

- General Managed Care Administration and Governance
- Member Services, including information and referral, and eligibility maintenance, recipient rights advocacy, grievance, and appeal management
- Utilization Management, including access to supports and services, provider referral and authorization, and utilization review
- Provider Network Management, including network development and provider contracting
- Claims
- Financial Risk Management
- Quality Improvement of the PIHP
- Regulatory Compliance
- Other functions that benefit the eligible population under contract

### COST ALLOCATION PLAN

The Standard Cost Allocation (SCA) model was developed by MDHHS and has specific instructions and requirements outlined by the MDHHS on the methodology.

This planning process, in general, involves the following steps:

### COST FINDING

Matching of related revenue and costs, identification of functional activities and associated costs, and, if necessary (and allowable), cost reclassifications to segregate:

- Capital-Related Cost, if not already properly assigned
- Employee Benefit Cost, if not already properly assigned
- General and Board Administrative Cost
- Program Administrative Cost
- Service Program direct and assigned indirect costs
- Grants and Earned Contract direct and assigned indirect costs

- Managed Care Administrative Cost
- Contract Provider and CMHSP Subcontract Program cost for supports and services provided to eligible individuals and segregated by risk contract responsibility.

#### COST ALLOCATION

Allocation of functional indirect costs to revenue/cost centers based on a priority of allocation and statistical allocation proxies.

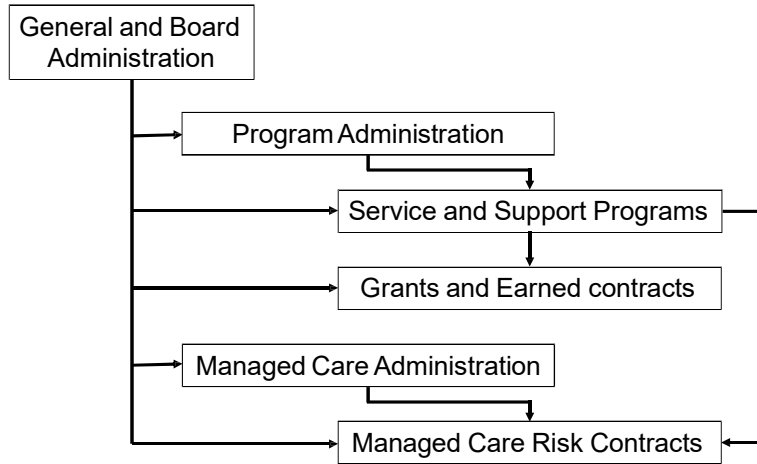
- Capital-Related Cost (depreciation and amortization, etc.) and Building Occupancy Costs, based on square feet operated for building and occupancy costs and actual depreciation for equipment and furnishings in use.
- Employee Benefit Costs based on the dollar value of Salaries and Wages.
- General and Board Administrative Cost to all revenue / cost centers based on accumulated cost.
- Program Administrative Cost to all applicable Service Programs based on accumulated cost.

#### COST APPORTIONMENT to Payors

- Managed Care Administrative Costs, including previously allocated costs, apportioned to Managed Care Risk Contracts or Subcontracts based on accumulated cost.

A schematic of cost allocation process is as follows:

### Cost Allocation Plan Schema



#### CONTRACT AND SUBCONTRACT COST SETTLEMENT

Contract and Subcontract Cost Settlement including identification of sufficient local matching fund revenues to meet matching fund requirements takes place annually.

# Board Regulatory Compliance COMMITTEE CHARTER

<b>Charter Effective Date:</b> May 10, 2024	<b>Charter Review Date:</b> May 8, 2026
<b>Approved By:</b> SWMBH Board	<b>Authorization Signature:</b> SWMBH Board Chair  _____
<b>SWMBH liaison:</b> SWMBH Chief Compliance Officer	

**42 Code of Federal Regulations, Section 438.608(a)(1)(iii):**  
 The State, through its contract with the PIHP, must require the PIHP to have a compliance program that includes, at a minimum, all of the following elements:

iii. The establishment of a Regulatory Compliance Committee on the Board of Directors and at the senior management level charged with overseeing the organization’s compliance program and its compliance with the requirements under the contract.

**MDHHS-SWMBH Master Contract Language Schedule A, Subpart (1)(S)(1)(e)(i)(3):**  
 The program integrity compliance program and plan must include the following element:

“Maintenance of a Regulatory Compliance Committee comprised of individuals from the Board of Directors and senior management charged with overseeing the Contractor’s compliance program and its compliance with requirements under the Contract.”

**Committee Composition & Purpose:**

**Board Regulatory Compliance Committee** will consist of three (3) Board Members appointed by SWMBH’s Board Chair, as well as the SWMBH Chief Compliance Officer. The Board Regulatory Compliance Committee’s purpose is to exercise oversight of the SWMBH compliance program and its compliance with the requirements of the MDHHS-SWMBH Master Contract.

**Committee Scope of Responsibility:** The Board Regulatory Compliance Committee will facilitate open communication between the SWMBH Chief Compliance Officer and the SWMBH Board of Directors to support the Board’s fulfillment of its duty to exercise reasonable oversight of SWMBH’s Program Integrity Compliance program. The SWMBH Chief Compliance Officer will serve as the Committee Chair, organizer and facilitator. The Committee will receive information and have an opportunity to discuss and provide feedback to the SWMBH Chief Compliance Officer. In accordance with federal regulations and Carver Policy Governance, the Committee will not vote or offer formal directives to the Chief Compliance Officer.

**Management Structure (Relationship to other committees):** The Board Regulatory Compliance Committee is a standing Committee of the SWMBH Board of Directors. The Committee and its members will not interact directly with any other SWMBH or regional operational Committee.

**Accountability and Reporting:** Board Regulatory Compliance Committee activities and deliverables will be periodically reported as directed by the SWMBH Board of Directors, as requested by two or more Board Regulatory Compliance Committee members and at the discretion of the Chief Compliance Officer.

- Committee Roles:**
- Review and discuss the SWMBH Compliance Plan and strategy in the interest of facilitating open dialogue as to its implementation and suggest modifications as necessary.
  - Review ongoing SWMBH Program Integrity & Compliance activities as part of the Board’s direct inspection monitoring responsibilities.

**Committee-Norms**

- Meetings will be held with live, remote and hybrid methods. Two Board members, plus the Compliance officer, must be present either in person or remotely to conduct committee business.
- Committee meeting minutes shall be recorded and distributed within five (5) business days following each meeting.
- The Committee meeting agendas and appropriate relevant documents will be distributed five (5) business days before each meeting.
- Communication shall be given and received with respect and without retaliation.

**Committee Member Responsibilities and Values:**

- Attend meetings in person or virtually according to the established meeting schedule.
- Prepare for and actively participate in Committee meetings and activities.
- Actively offer insight and perspective to support and improve the SWMBH compliance program goals and initiatives.
- Complete assignments in a timely manner.
- Committee members with specific expertise in issues or projects addressed by the Committee will offer insight and perspective in a manner to support the SWMBH compliance program goals and initiatives.

**Committee Meetings**

The Committee shall meet a minimum of quarterly. If there is not a significant purpose to meet, the Committee meeting may be cancelled with the support of two or more Committee members.



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WHEREAS Southwest Michigan Behavioral Health (SWMBH) has a \$13,776,689 deficit internal service fund balance on September 30,2025; and

WHEREAS, 1971 PA 140 requires that a Deficit Elimination Plan be formulated by the local unit of government and filed with the Michigan Department of Treasury;

NOW THEREFORE, IT IS RESOLVED that the SWMBH's legislative body adopts the following as the Southwest Michigan Behavioral Health Deficit Elimination Plan:

<b>Southwest Michigan Behavioral Health</b>			
<b>Internal Service Fund</b>			
<b>Deficit Disposition Plan</b>			
Category	<b>2025 Internal Service Fund</b>	<b>2026 Internal Service Fund</b>	<b>2027 Internal Service Fund</b>
Medicaid Risk Reserve	\$ -	\$ (8,891,095.00)	\$ (8,712,972.21)
Healthy Michigan Risk Reserve	\$ -	\$ (4,885,594.00)	\$ (4,787,716.79)
<b>Total</b>	<b>\$ -</b>	<b>\$ (13,776,689.00)</b>	<b>\$ (13,500,689.00)</b>
<b>Revenue</b>			
Interest Income	\$ 785.00	\$ 276,000.00	\$ -
From Mental Health Operational	\$ -	\$ -	\$ 13,500,689.00
<b>Total Revenue</b>	<b>\$ 785.00</b>	<b>\$ 276,000.00</b>	<b>\$ 13,500,689.00</b>
<b>Expenditures</b>			
Medicaid Expenditures	\$ (8,891,880.00)	\$ -	\$ -
Healthy Michigan Expenditures	\$ (4,885,594.00)	\$ -	\$ -
<b>Total Expenditures</b>	<b>\$ (13,777,474.00)</b>	<b>\$ -</b>	<b>\$ -</b>
Medicaid Risk Reserve	\$ (8,891,095.00)	\$ -	\$ -
Healthy Michigan Risk Reserve	\$ (4,885,594.00)	\$ -	\$ -
<b>Unrestricted Net Position</b>	<b>\$ (13,776,689.00)</b>	<b>\$ (13,500,689.00)</b>	<b>\$ -</b>

BE IT FURTHER RESOLVED that the Southwest Michigan, Board of Directors submits the Deficit Elimination Plan to the Michigan Department of Treasury for certification.



**Board of Directors**

\_\_\_\_\_  
Sherii Sherban, Chair

Date signed: \_\_\_\_\_

**Explanation:**

Southwest Michigan Behavioral Health (SWMBH) is a Michigan governmental agency established as a Regional Entity under Section 330.1204(b) of the Michigan Mental Health Code. SWMBH became the regional Prepaid Inpatient Health Plan (PIHP) for Medicaid Specialty Services and Supports, as well as other related payer contracts, effective January 1, 2014, and was designated as the Substance Use Disorder Coordinating Agency for its eight-county region on February 1, 2014. The organization manages publicly funded Medicaid and Healthy Michigan Plan benefits across Barry, Berrien, Branch, Calhoun, Cass, Kalamazoo, St. Joseph, and Van Buren counties, operating under both capitated and cost-based reimbursement contracts with the Michigan Department of Health and Human Services (MDHHS). As the PIHP, SWMBH serves as the financial risk-bearer and administers contracts with its Participant Community Mental Health Service Programs (CMHSPs) primarily through a sub-capitated, interim payment, and cost-settlement model.

In Fiscal Year 2025, SWMBH experienced its second consecutive year in which Medicaid and Healthy Michigan Plan expenditures exceeded revenues, resulting in the full exhaustion of its Internal Service Fund (ISF) in FY2024 and a deficit position of \$13,776,689 in FY2025. Prior to this, SWMBH engaged an actuarial firm to conduct a comprehensive risk assessment to determine an appropriate reserve level, establishing a sustainable ISF target to support operations and mitigate financial risk. However, current contract requirements limit SWMBH’s ability to fund the ISF to the actuarially recommended level. SWMBH is actively working with MDHHS to identify a remedy, and this Deficit Disposition Plan reflects anticipated outcomes of those discussions and will be updated as needed.

In FY2026, MDHHS revised the regional revenue rate structure, generating additional revenue for the region. As a result, SWMBH will reduce the ISF deficit by \$276K in FY2026 using interest earnings from the Mental Health Operational Fund. In FY2027, SWMBH plans to utilize the FY2026 surplus in the Mental Health Operational Fund to eliminate the remaining ISF deficit, supported by a projected FY2026 surplus exceeding \$20 million. This positions the organization to fully resolve the ISF deficit and strengthen its overall financial stability.

### **3.0 Global Governance Commitment**

The purpose of the Board who serve as the stewards of funding available for mental health services in the Southwest Region of Michigan, on behalf of the State of Michigan and the founding Plan members, is to see to it that SWMBH achieves appropriate impacts through its Plan members at an appropriate value and to assure that the organization avoids unacceptable situations and risks.

### **3.1 Governing Style and Commitment**

The Board will govern lawfully and in compliance with the agency's bylaws, observing the principles of the Policy Governance model, with an emphasis on (a) outward vision rather than an internal preoccupation, (b) encouragement of diversity in viewpoints, (c) strategic leadership more than administrative detail, (d) clear distinction of Board and Chief Executive roles, (e) collective rather than individual decisions, (f) future rather than past or present focus, and (g) proactivity rather than reactivity.

Accordingly, the SWMBH Board shall:

- 3.1.1 Cultivate a sense of group responsibility. The Board, not the staff, will be responsible for excellence in governing. The Board will be the initiator of policy, not merely a reactor to staff initiatives. The Board will not use the expertise of individual members to substitute for the judgment of the Board, although the expertise of individual members may be used to enhance the understanding of the Board as a body.
- 3.1.2 Direct, control, and inspire the organization through the careful establishment of broad written policies reflecting the Board's values and perspectives. The Board's major policy focus will be on the intended long-term impacts, not on administrative or programmatic means of attaining those effects.
- 3.1.3 Enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation for meetings, policy-making principles, respect of roles, and ensuring the continuance of governance capability. Although the Board can change its governance process policies at any time, it will observe those currently in force.
- 3.1.4 Conduct continual Board development, including orientation of new Board members in the Board's governance process and periodic Board discussion of process improvement.
  - 3.1.4.1 New Board members shall be required to complete an initial orientation for purposes of enhancing their knowledge of the roles and responsibilities of SWMBH as an agency, and their understanding to assist in

governance decision-making. Specifically, they shall be provided the following information:

- Governance Documents (Hierarchical)
- SWMBH Board Bylaws
- SWMBH Operating Agreement
- Michigan Consortium of Healthcare Excellence Bylaws (MCHE)
- Ends, Proofs and Strategy
- Previous and Current Years' SWMBH Board Ends and Proofs
- SWMBH General PowerPoint
- Current SWMBH Board Meeting Calendar and Roster
- New Board members will be offered a live/remote briefing for each functional area leader.

3.1.5 Allow no officer, individual, or committee of the Board to hinder or be an excuse for not fulfilling group obligations.

3.1.6 The Board will monitor and discuss the Board's process and performance periodically. Self-monitoring will include comparison of Board activity and discipline to policies in the Governance Process and Board-Management Delegation categories.

# Substance Use Disorder Services: Funding & Oversight

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SWMBH Board Presentation: 05/08/2026



# Four Primary Funding Sources for Substance Use Disorder Treatment and Prevention Services

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1. Medicaid & Healthy Michigan Plan (HMP)
2. Block Grant
3. Liquor Tax (PA2)
4. Various Grants from Michigan Department of Health and Human Services
  - a. State Opioid Response to the Opioid Crisis (SOR 4)
  - b. Problem Gambling
  - c. Healing and Recovery Community Engagement and Infrastructure (Opioid Settlement)



# Funding & Oversight: Medicaid & HMP

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## Medicaid

- Based on eligible persons in each county
- Entitlement services for beneficiaries when medical necessity is met
- Certain expenses not allowed:
  - Prevention
  - Case Management
  - Travel

## Healthy Michigan Plan (HMP)

- 2014 Medicaid expansion
- Based on eligible persons in each county
- 90% Federally/10% State of Michigan funded (currently)
- More robust behavioral health coverage than regular Medicaid

## Structure

- Used for SUD treatment services for Medicaid beneficiaries at both fee for service providers (Non-CMHs) and CMH SUD Providers
- Services include outpatient, intensive outpatient, withdrawal management, residential, medications for substance use disorder, etc.

## Financial Oversight: SWMBH Board

- SWMBH Board annually approves a Regional budget.
- Regional financials are reviewed monthly at both the Board Finance Committee and the full SWMBH Board.



# Funding & Oversight: Block Grant

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## Block Grant

- Funding that covers individuals that do not have health insurance, including priority populations (e.g.: pregnant/injecting, pregnant, at risk of losing children, etc.)
- Federal and State allocation based on 2020 Federal Census
- Federal Allocation Requirements: Prevention (10%), Women's Specialty (5%)
- Requires an Ability to Pay – ATP (sliding fee scale done by provider) for customers

## Structure

- Used to pay claims for SUD treatment services for individuals who are uninsured
- Used to pay claims for SUD treatment services that are not covered by Medicaid or other insurance(s) – ex. Recovery Housing, Residential Treatment room and board, etc.
- Most Participant CMHSPs are given a Block Grant sub capitation amount
- Net cost contracts for specific deliverables including outcome measures

## Financial Oversight: SWMBH Board

- SWMBH Board annually approves a Regional budget.
- Regional financials are reviewed monthly at both the Board Finance Committee and the full SWMBH Board.



# Funding & Oversight: Public Act 2 (PA2)

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## PA2 (Liquor Tax)

- Based on sales of liquor in each county; 4% tax
- Sent to each of the 83 counties
  - 60% to the county where the sale occurred
  - 40% to PIHP for the prevention and treatment of substance use disorders
- Intergovernmental Contract defines agreement; 3-year cycle
- Discretionary spending

## Structure

- Net cost contracts for a specific deliverable(s) and outcomes
- PA2 funds ~50 prevention, treatment, and recovery programs

## Financial Oversight: SWMBH SUD Oversight Policy Board

- SWMBH management works closely with each county to review programs and develop budgets that fit within each county's PA2 funding, then presents those budgets and programs to the SUD OPB for approval. This review and approval occurs annually during a Public Hearing, where providers, individuals served, and the public are invited to attend and provide testimonials on their programming and the services they receive.
- SUD OPB has to approve any budget changes that exceed \$2,500.



# Funding & Oversight: Grant Funds

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## State Opioid Response (SOR) 4

- Funding supports 24 different programs.
- SAMSHA and MDHHS determines allocations and program categories
- Primary focus on treating and preventing opioid use disorder and stimulant use disorder through programs such as prevention, outreach, harm reduction, recovery housing, etc.

## Healing and Recovery Community Engagement and Infrastructure (Opioid Settlement)

- FY25 Allocation to PIHPs from the State of Michigan Opioid Settlement Funds
- Application process for SWMBH SUD Provider Network resulting in 10 providers receiving funding.
- Grant funding is used only for infrastructure and community engagement

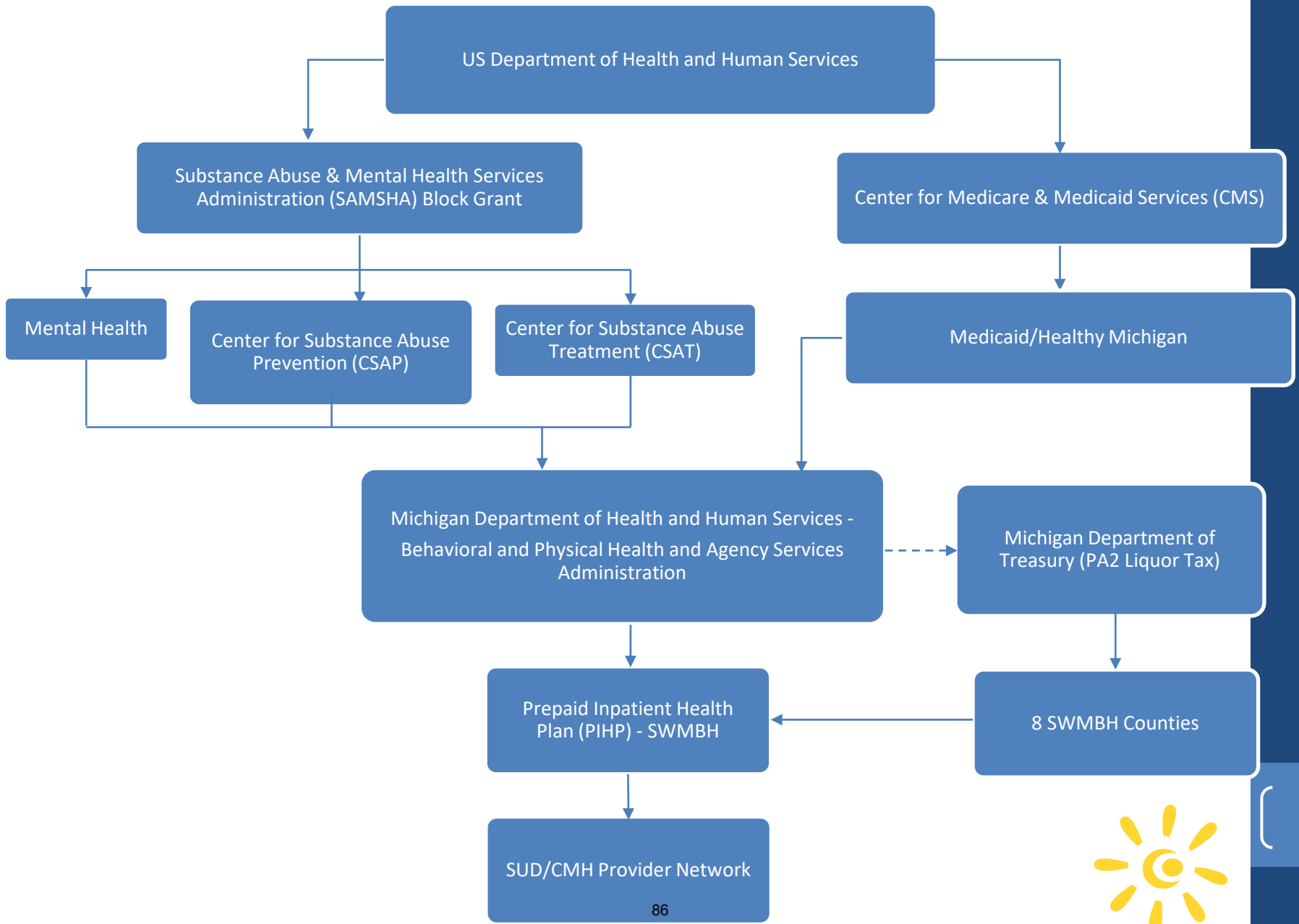
## Problem Gambling

- Grant funded through MDHHS
- Focus of the grant is educate and prevent problem gambling in SMWBH region; identify, screen, and refer customers to gambling treatment.



### Structure

- SWMBH manages Problem Gambling grant and contracts with media company for prevention campaigns.
- Net cost contracts for a specific deliverable(s) and outcomes for SOR and HRCEI.





## **2026 Operations Committee Self-Evaluation Summary Report**

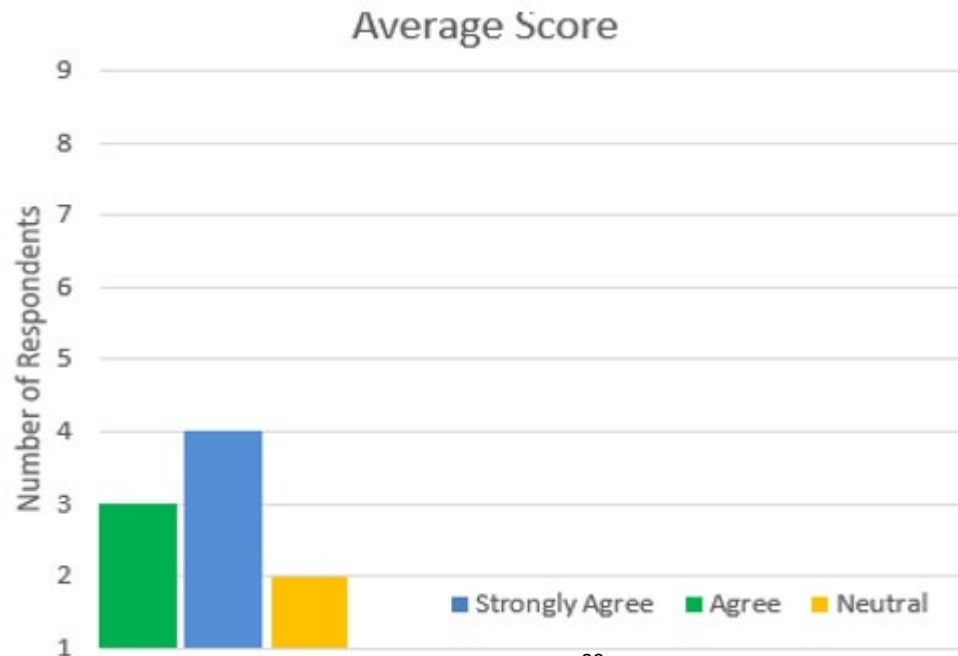
April 7, 2026

# Operations Committee Self-Evaluation Summary Report

The Operations Committee performed its annual self-evaluation in April 2026 by confidential score submissions. The review timeframe for this survey is August 2025- April 2026. The Scoring system was a 5-point scale, with 5 being “strongly agree” and 1 being “strongly disagree”. This survey is designed to assess how effectively the committee fulfills its collaborative goals related to strategic partnership, financial stewardship, quality improvement, communication, and human resources/grant management.

There are no comparative results as this survey was updated in 2026 and is comprised of a new set of questions. The 2026 survey had 9 respondents.

Summary of Results: Across all questions, there were no “disagree” or “strongly disagree” responses. Overall, the results are highly positive, with strong agreement and positive sentiment dominating the responses.

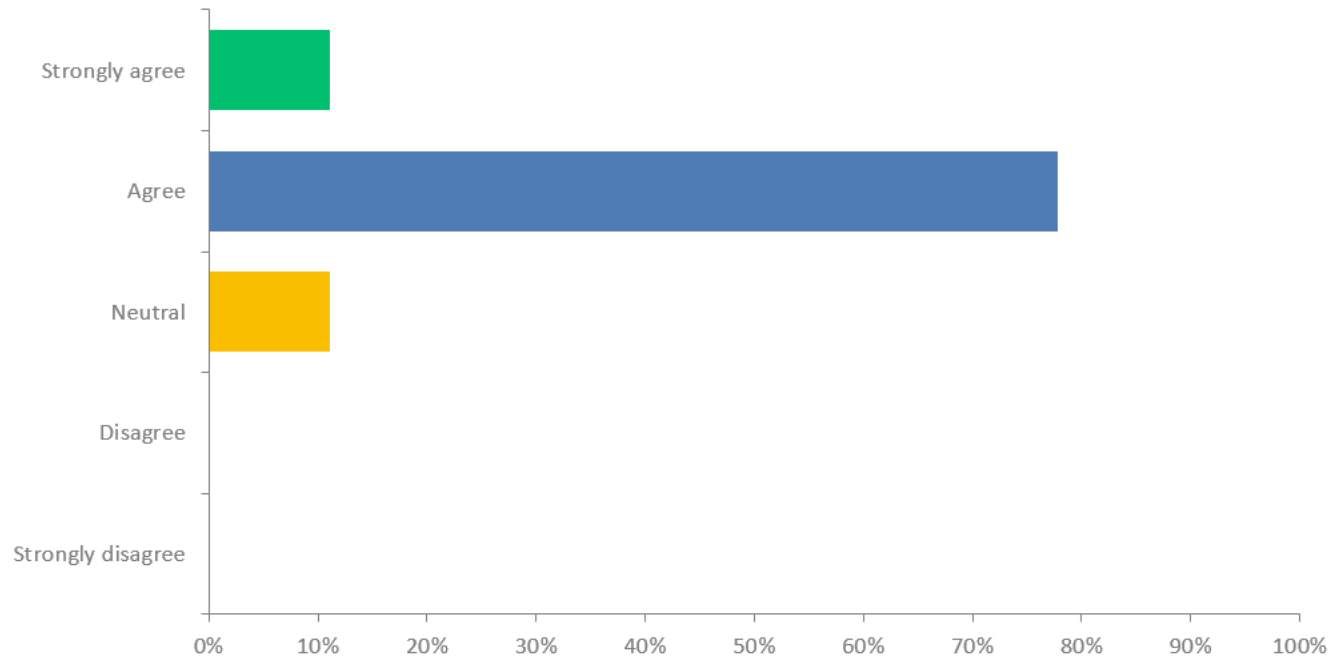


# I. Collaborative Strategic Partnership

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**Q1: We actively engage in the joint development of SWMBH's vision, mission, and long-term strategic plans.**

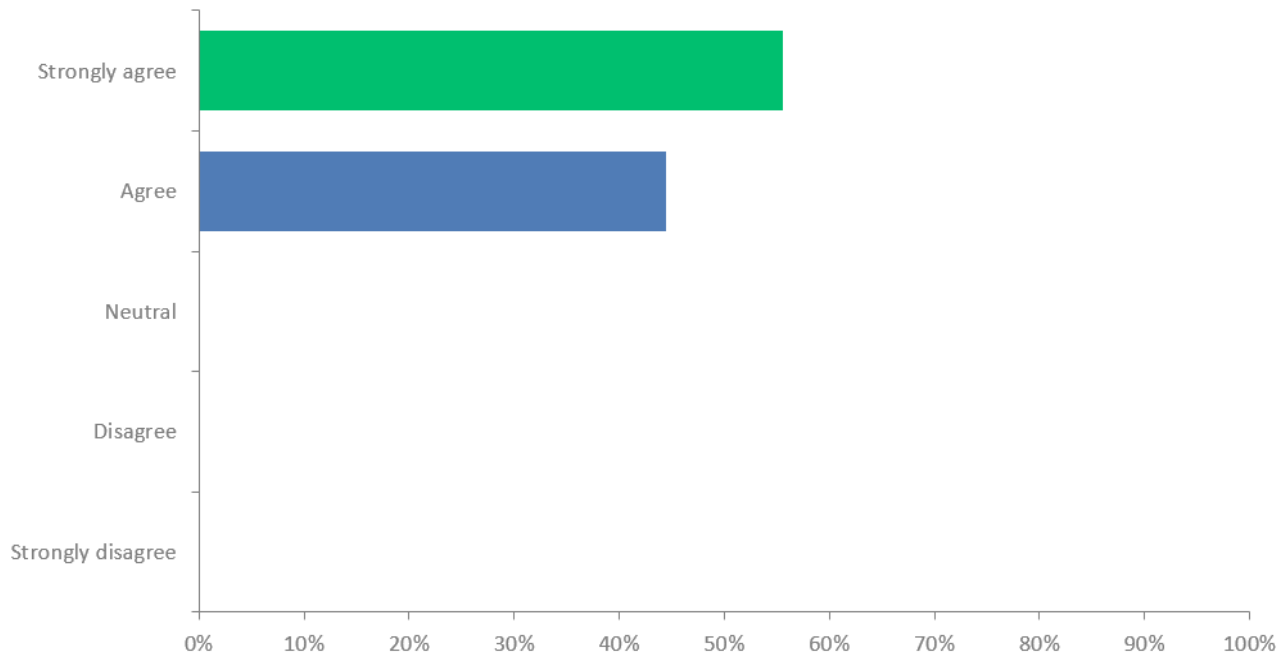
Answered: 9 Skipped: 0



# I. Collaborative Strategic Partnership

**Q2: The committee provides proactive, collaborative, and insightful operational advice to the SWMBH CEO and SWMBH Board.**

Answered: 9 Skipped: 0

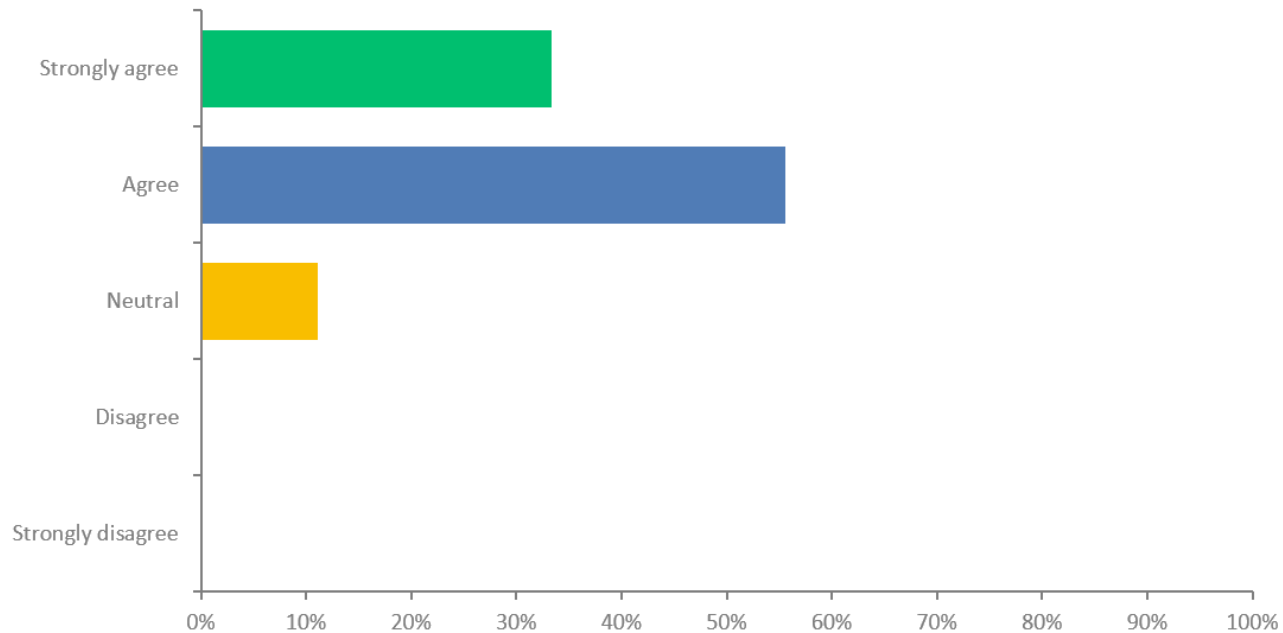


## II. Collaborative Financial Stewardship

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### Q3: Financial reviews include meaningful input from relevant stakeholders.

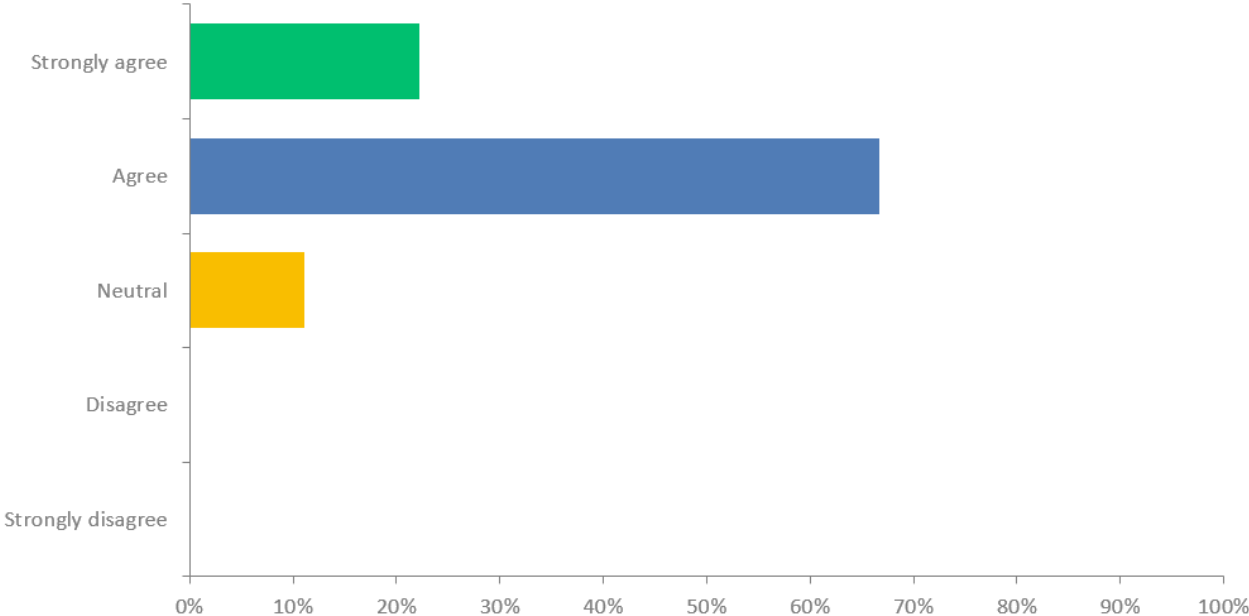
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# II. Collaborative Financial Stewardship

**Q4: The committee collaboratively identifies, discusses, and addresses financial risks with transparency and accountability.**

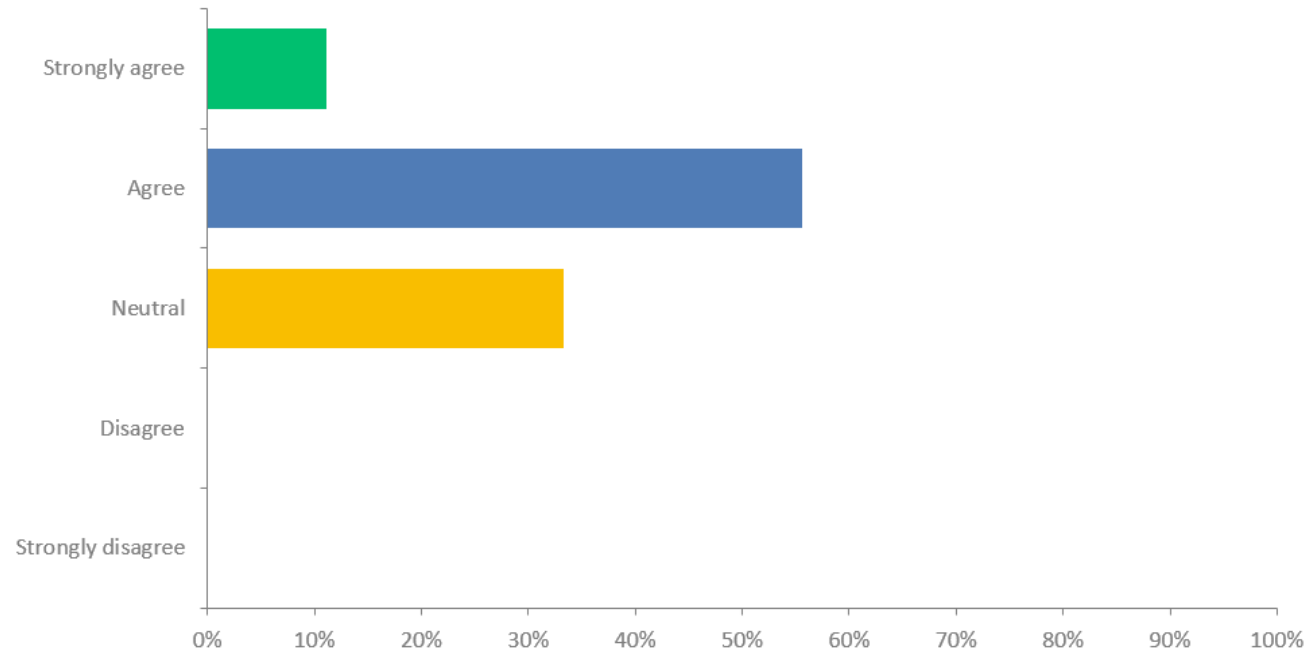
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# III. Collaborative Quality and Utilization Improvement

**Q5: The committee seeks input from various departments and participants when reviewing quality assurance and performance improvement plans.**

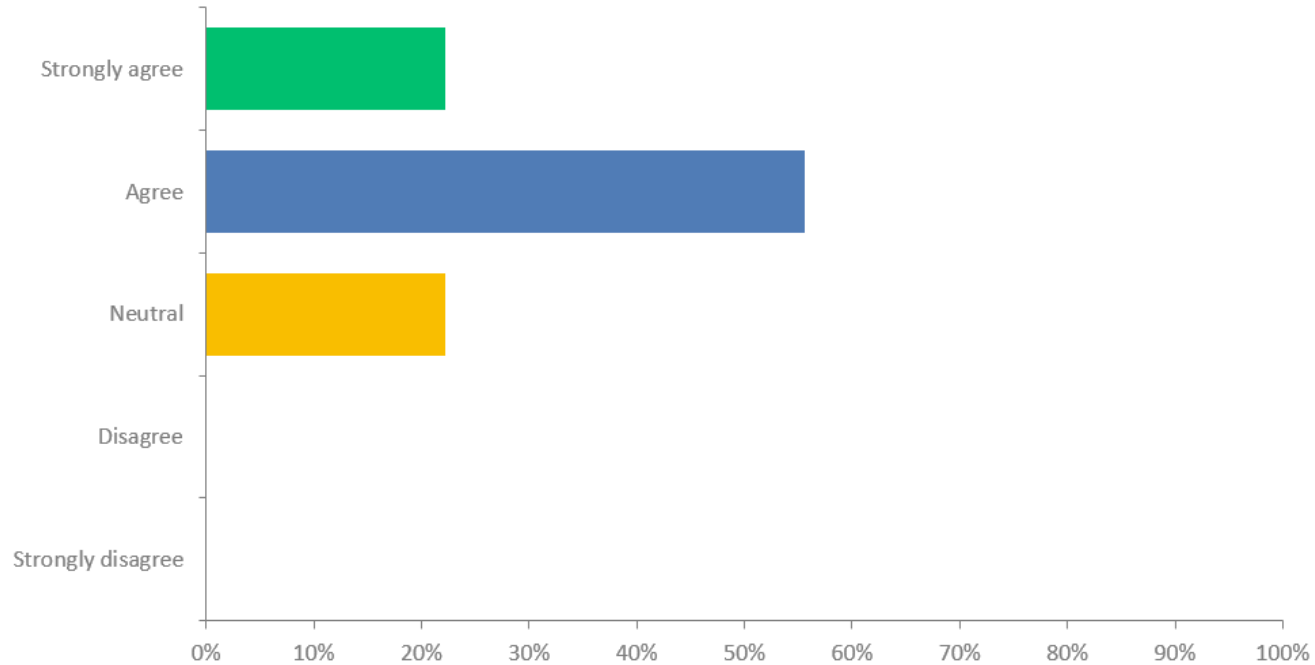
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# III. Collaborative Quality and Utilization Improvement

**Q6: Utilization management decisions are made collaboratively to optimize resources and service delivery.**

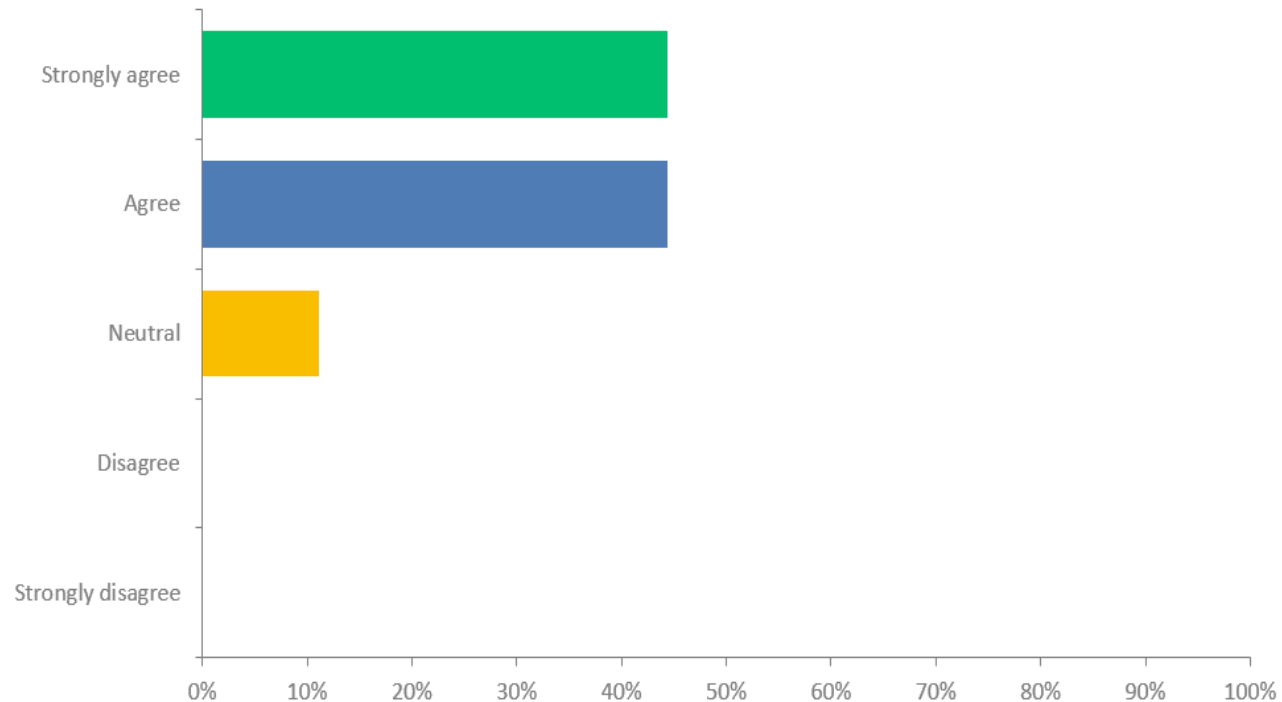
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## IV. Collaborative Communication and Conflict Resolution

**Q7: Clear communication protocols exist between the committee and the SWMBH CEO to ensure timely information sharing about issues that may impact SWMBH operations.**

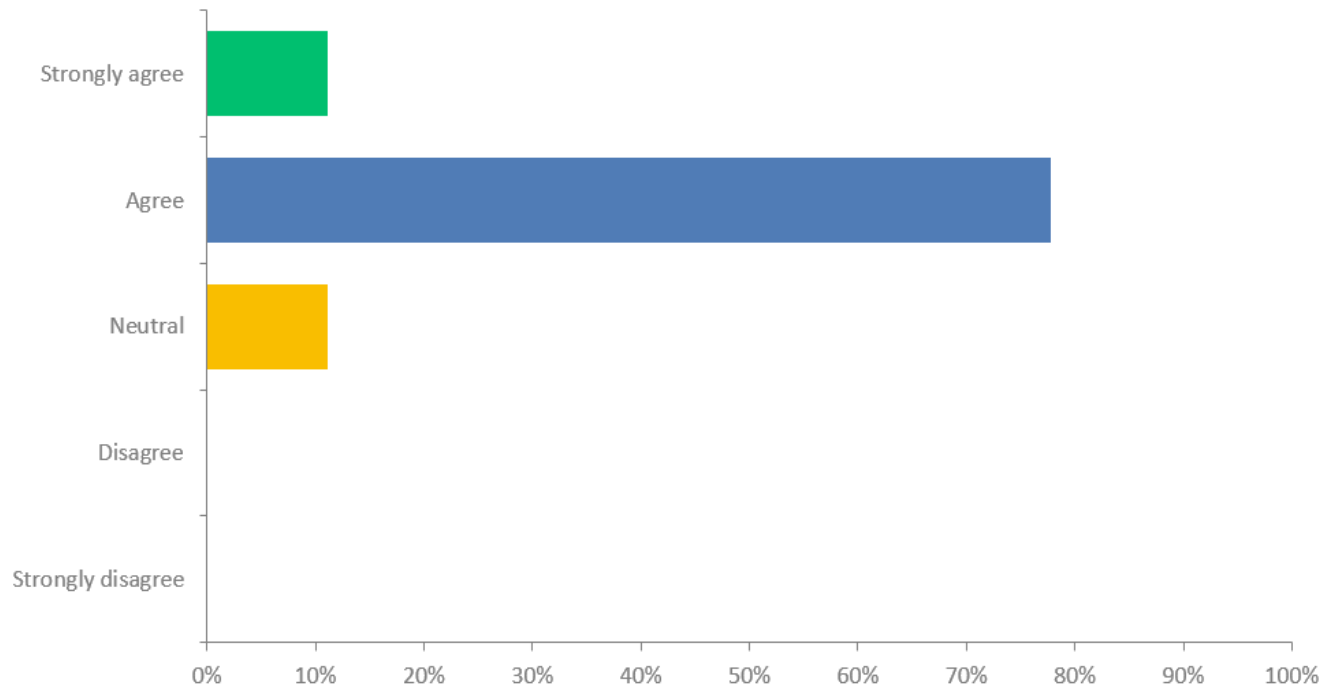
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# IV. Collaborative Communication and Conflict Resolution

**Q8: Operational conflicts between committee participants are resolved effectively through mediation and consensus-building.**

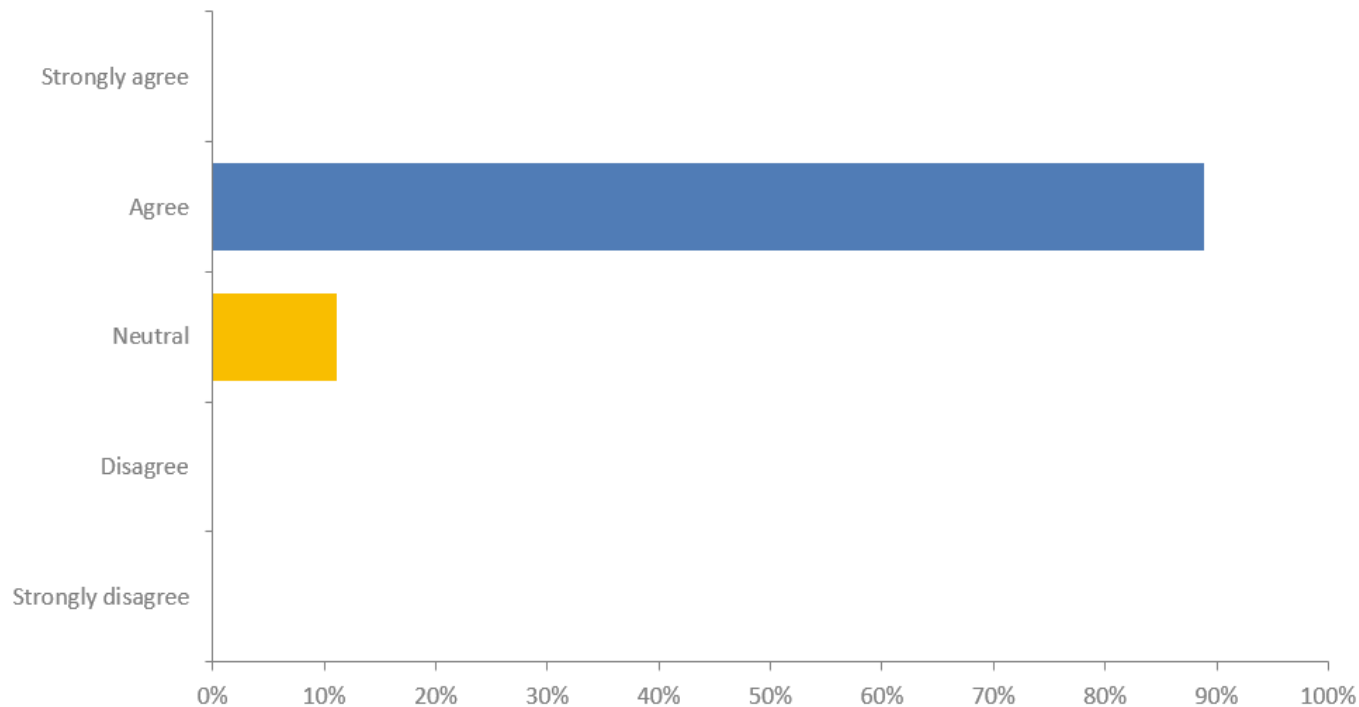
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## IV. Collaborative Communication and Conflict Resolution

**Q9: The committee collaboratively identifies and implements opportunities for functional consolidation and administrative efficiencies.**

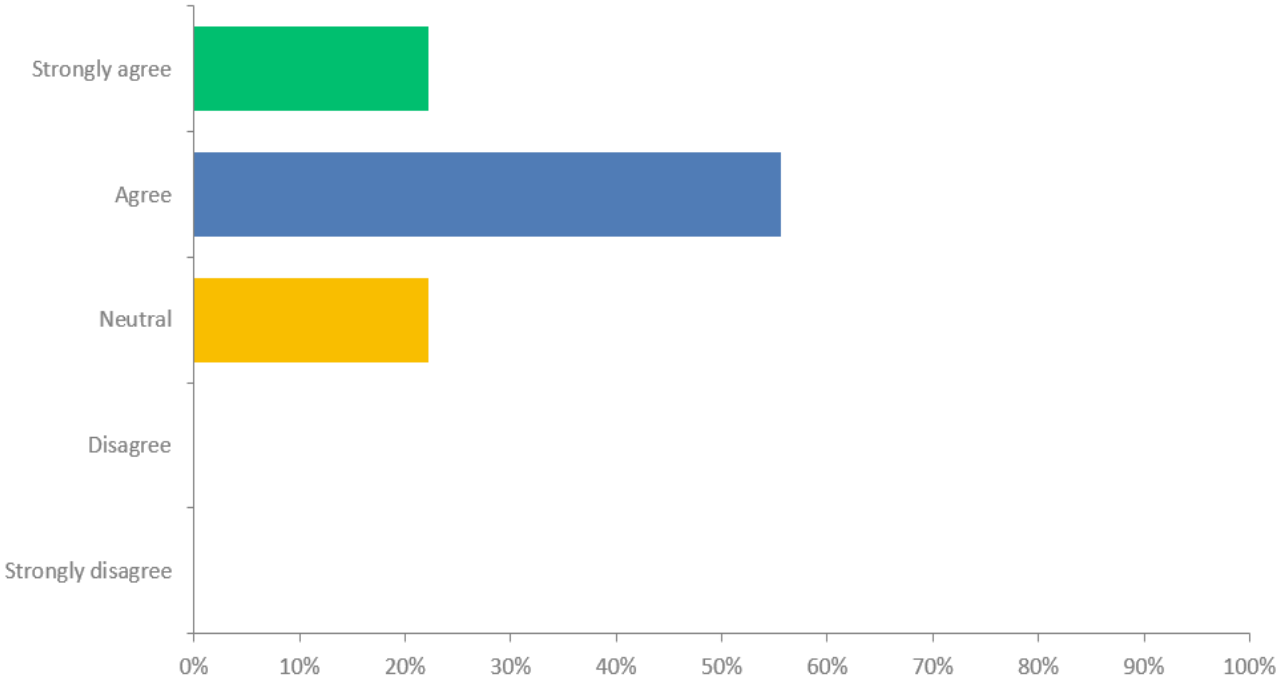
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# V. Collaborative Human Resources and Grant Management

**Q10: The committee supports SWMBH CEO hiring and retention decisions through a transparent and inclusive process.**

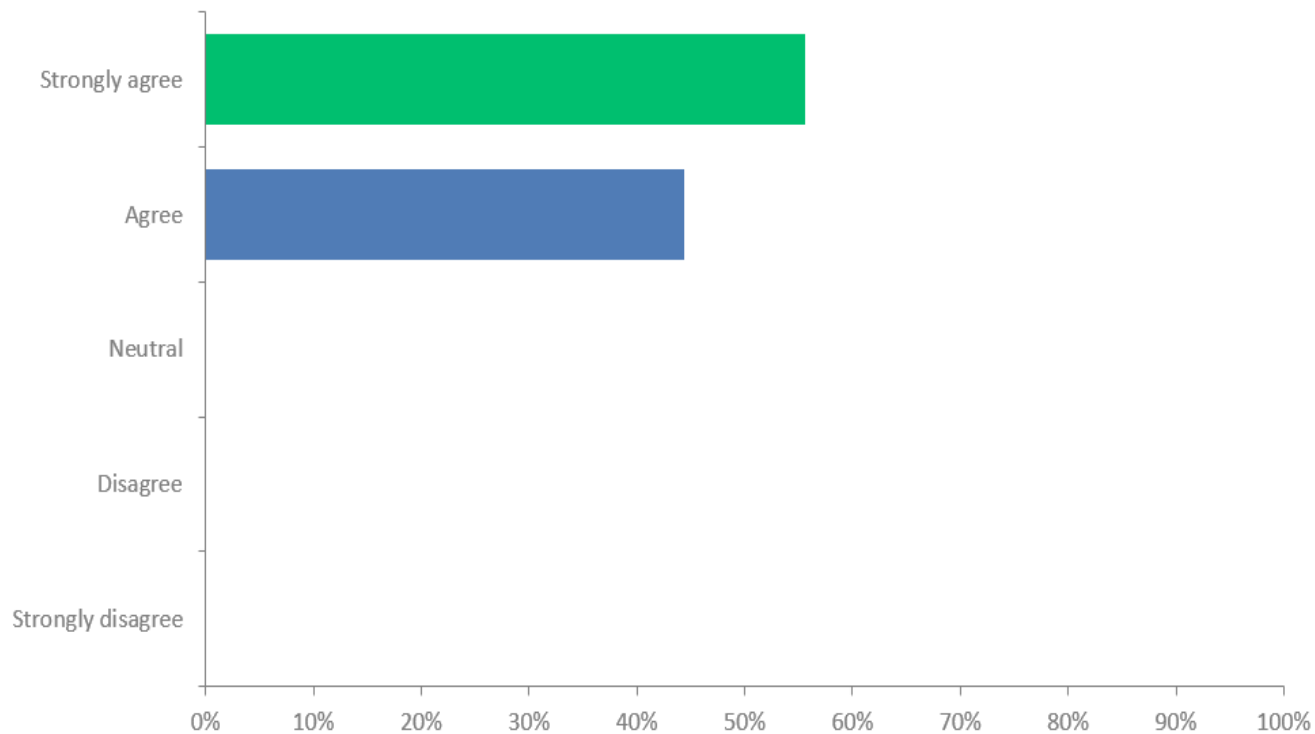
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# V. Collaborative Human Resources and Grant Management

**Q11: The committee provides collaborative and constructive feedback to the SWMBH CEO on policy interpretations that materially affect CMH participants.**

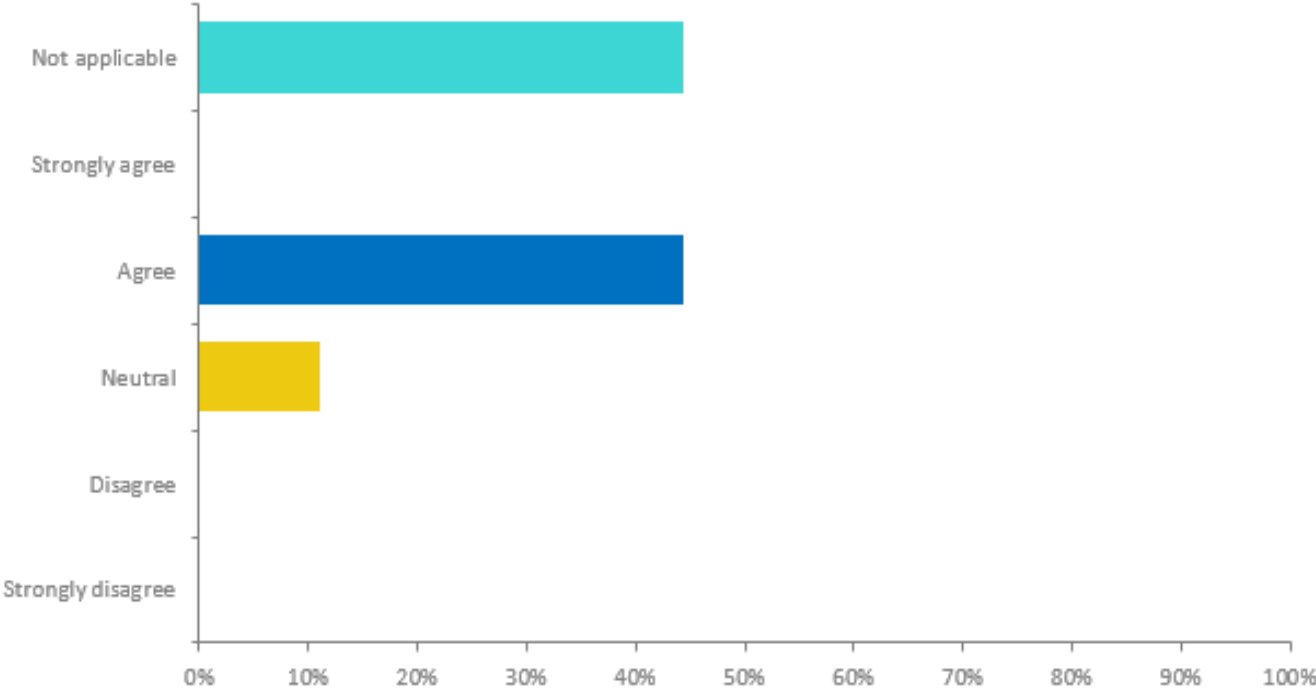
Answered: 9 Skipped: 0



# V. Collaborative Human Resources and Grant Management

**Q12: As applicable, the grant review process includes input from diverse perspectives and aligns with SWMBH’s strategic priorities.**

Answered: 9 Skipped: 0

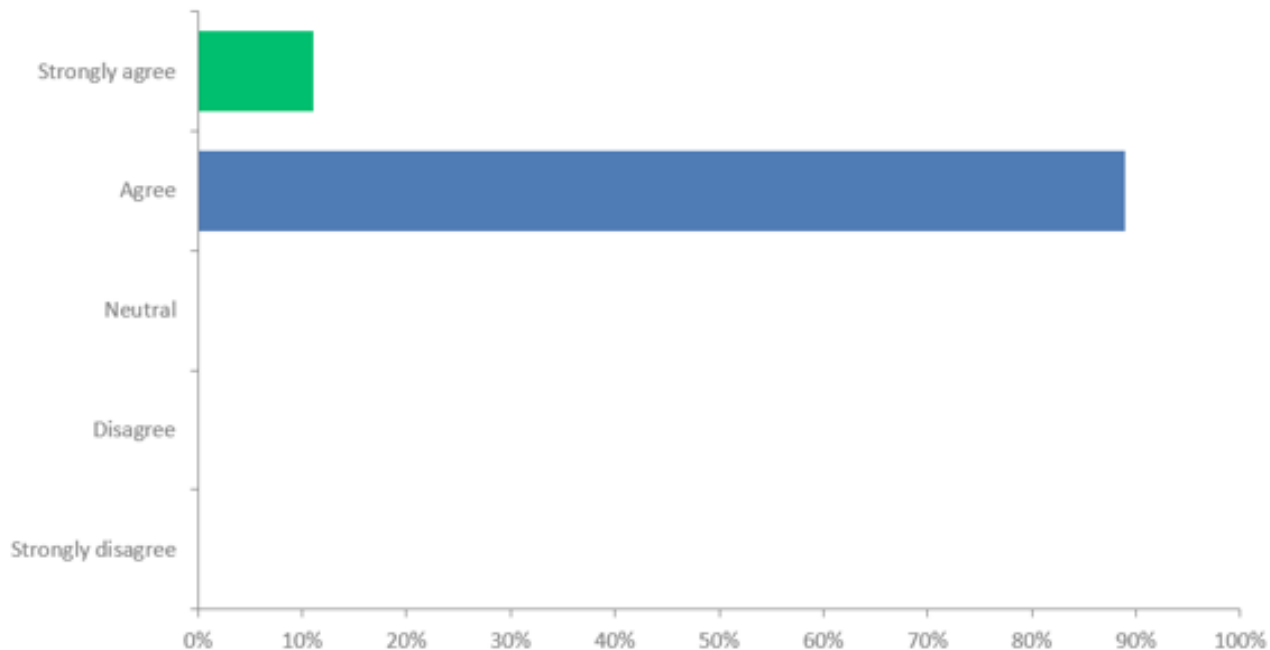


# V. Collaborative Human Resources and Grant Management

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**Q13: The committee engages in collaborative discussions with the SWMBH CEO regarding the allocation of functions between SWMBH and CMH participants, consistent with the Balanced Budget Act.**

Answered: 9 Skipped: 0



## VI. Open-Ended Feedback

### Q14: How can the committee further improve its collaborative processes and effectiveness?

Answered: 5 Skipped: 4

#	RESPONSES
1	I have appreciated the professional candor used by the committee. A willingness to disagree, offer alternate scenarios/solutions, be transparent about struggles etc. has contributed greatly to the value of the committee and its work.
2	I believe the focus of the Operations Committee should now be redirected to rebuilding SWMBH and seek ways to better acknowledge and use existing resources among participating CMHSPs. The new CEO of SWMBH has begun to build trust among the participating CMHSPs and SWMBH board members. This should begin the process for not only rebuilding SWMBH, but unifying participating CMHSPs in the Region.
3	There has been an incredible amount of work done since August. The trust needed to collaborate has returned. Any answers that were less than strongly agree are due to time constraints. I trust they are occurring but just not enough personal involvement to strongly agree.
4	The functioning of the OPs committee has improved. There are still remnants of mistrust, however. How to wrestle with deficits that may occur in the future should be ongoing discussions, even those these discussions will be hard.
5	Issues still creating challenges between CMHs and SWMBH include PCE conversion, Rehmann and the issue of Board loyalty and fidelity to SWMBH vs the Region (CMHs and SWMBH).