

# Southwest Michigan

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## BEHAVIORAL HEALTH

### Board Meeting Minutes

June 13, 2025

Advia Credit Union, 6400 West Main, Kalamazoo, MI 49009

9:30 am-11:30 am

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**Members Present:** Sherii Sherban, Tom Schmelzer, Joyce Locke, Allen Edlefson, Michael Seals, Lorraine Lindsey, Tina Leary, Carol Naccarato

**Members Absent:** None

**Guests Present:** Brad Casemore, CEO, SWMBH; Mila Todd, Chief Compliance Officer, SWMBH; Garyl Guidry, Chief Financial Officer, SWMBH; Anne Wickham, Chief Administrative Officer, SWMBH; Alena Lacey, Chief Clinical Officer, SWMBH; Natalie Spivak, Chief Information Officer, SWMBH; Michelle Jacobs, Senior Operations Specialist & Rights Advisor, SWMBH; Ella Philander, Executive Projects Manager, SWMBH; Cathi Abbs, SWMBH Board Alternate; Gail Patterson-Gladney, SWMBH Board Alternate; Cameron Bullock, Pivotal; Sue Germann, Pines BH; Debbie Hess, Van Buren County CMH; Richard Thiemkey, Barry County CMH; Jeff Patton, ISK; Ric Compton, Riverwood; Jeannie Goodrich, Summit Pointe

### Welcome Guests

Sherii Sherban called the meeting to order at 9:40 am.

### Public Comment

None

### Agenda Review and Adoption

Motion Carol Naccarato moved to approve the agenda as presented.  
Second Michael Seals  
Motion Carried

### Financial Interest Disclosure (FID) Handling

None

### Consent Agenda

Motion Joyce Locke moved to approve the May 9, 2025 Board minutes, May 14, and May 28, 2025 Operations Committee Meeting minutes, and May 2, 2025 Board Finance Committee Meeting minutes as presented.  
Second Lorraine Lindsey  
Motion Carried

## **2025 Year to Date Financial Statements; Cash Flow Analysis; Mid-Year Revenue Rate Assumptions and Revised SWMBH Budget/Projections**

Garyl Guidry reported as documented, reviewed and noted:

- TANF (Temporary Assistance to Needy Families) eligibles are flat
- DAB (Disabled Aging Blind) eligibles are flat
- HMP (Healthy Michigan Plan) eligibles are flat
- Flat eligibles means flat revenue
- Period 7 financials project a \$13 million deficit with a projected end of Fiscal Year 2025 of \$22.7 million deficit. Revised Fiscal Year 2025 Budget projects a \$26.9 million deficit.
- Certified Community Behavioral Health Clinics (CCBHC) revenues and expenses. CCBHCs are full risk to the CMHSPs.
- Mid-Year rate adjustment was \$15 million with the area factor increasing by 5.4% (other PIHPs area factors went down in percentage)
- Revised Fiscal Year 2025 Budget projects a \$6.7 million deficit
- Another rate adjustment could be coming to cover Direct Care Wage (DCW) and the Earned Sick Time Act (ESTA)
- Possible October rate adjustment
- MDHHS is moving from area factors to acuity in determining rates
- Cash Flow Analysis
- SWMBH Local is \$6 million. SWMBH is not using local funds to cover Medicaid deficit because the department is responsible for Medicaid shortfalls
- Rehmann value: Pros: alignment and audit processes. Cons: costs and impacts on other priorities. Brad added SWMBH management determines what contracts are initiated and implemented.
- SWMBH report on financial efforts and Regional Finance work continues

Board discussion followed with comments noted:

- Change format on report from blackout to zeros

### **Operations Committee Update**

Jeannie Goodrich presented as documented in a handout that was distributed. Anne Wickham stated that Level of Care (LOC) Guidelines for Community Living Supports (CLS) has been set to zero so that authorizations are reviewed and not automatically approved based on LOC guidelines. Discussion followed.

Motion Carol Naccarato moved the SWMBH CEO will report the decision on whether SWMBH will immediately contract with Rehmann to provide: 1) Financial Oversight; 1) Assurance of Standard Cost Allocation (SCA) Compliance – Fiscal Year 2025 or Fiscal Year 2026 requirement for audit; and 3) Assurance of SCA/Financial alignment of CMH to SWMBH reporting (align with CMH reporting structure), including the rationale for the decision and cost by the July Board meeting.

Second Michael Seals

Motion Carried

## **Required Approvals**

None scheduled

## **Ends Metrics Updates**

### **Sub Ends 1, 3 and 5**

Brad Casemore noted that Sub Ends 1, 3 and 5 are scheduled for the July Board meeting.

## **Board Actions to be Considered**

### **Appoint Alternate Representative to Michigan Consortium for Healthcare Excellence (MCHE)**

Brad Casemore noted the document in the packet and reviewed the history of MCHE.

Motion Michael Seals read and moved to approve the SWMBH Board Resolution as presented.

Second Tom Schmelzer

Roll Call Vote

Sherii Sherban yes

Tom Schmelzer yes

Joyce Locke yes

Allen Edlefson yes

Michael Seals yes

Lorraine Lindsey yes

Tina Leary yes

Carol Naccarato yes

Motion Carried

## **SWMBH/CMH financial solutions and plan of action**

Sherii Sherban discussed May 9, 2025, Board Planning Session documents along with Community Mental Health Association of Michigan (CMHAM) documents. Brad Casemore noted that the Request For Proposal (RFP) regarding the procurement has not been released and stated SWMBH's position related to the MDHHS procurement as follows:

SWMBH

- must behave as if the PIHP procurement is real with a 10/1/26 or 12/31/26 changeover date unless DHHS withdraws the plan.
- and its staff will not undertake overt or covert advocacy against the DHHS decision. What staff do as private citizens is not SWMBH's business.
- has contractual and ethical duties and obligations to persons served, staff, providers and our Founding CMHs which will be fulfilled.
- is reviewing current plans and projects for future suitability and resourcing modifications.
- is not an eligible bidder for Central Region PIHP or any region PIHP per stated DHHS bidder qualifications.
- has no authority over our CMH's consideration of forming or joining a new Regional Entity or other agency to participate in PIHP bidding.
- cannot and will not speak on behalf of CMH Boards.

- has no enthusiasm for initiating future PIHP bid positioning unless directed to do so by the SWMBH Board on behalf of Founding CMH Boards.
- will maintain participation in conversations related to emerging public system models, as well as SWMBH and CMH preparation needs.
- will continue conversations with CMH CEOs and the SWMBH Board regarding SWMBH performing administrative and clinical support services after the changeover.

Brad Casemore presented the concept paper to create a central regional entity as documented and noted that SWMBH will not consider becoming a part of the proposed concept paper unless directed to do so by the Board. Jeff Patton asked the Board to consider not only SWMBH but also the CMHSPs because the procurement would affect all in the region. Discussion followed.

Sherii Sherban discussed a recent SWMBH Board Executive Committee meeting and shared the following verbal summary she said had been gleaned from many SWMBH Board members and CMH representatives resulting in nineteen pages of notes.

- Uncertainty makes action steps difficult
- There are Pros and Cons of possible action steps
- If MDHHS procurement happens the SWMBH governing body needs to decide how to carry on to close out SWMBH
- Fear of liability
- Maintain staff and functions
- Trust issues, frustrations with decision making
- Oversight
- Need new budgets for review ASAP
- Administrative costs
- Employee capacity audit
- Administrative contacts audit
- Can AI be utilized
- UM review .vs auto
- Is procurement a done deal or not ?
- Financial stability for FY 25 and FY26
- What does SWMBH Management do that could be dispersed to the CMHs

Sherii asked Board to prioritize the following four items:

1. Forensic Audit
2. CMH Budgets
3. SWMBH Bylaws
4. SWMBH Operating Agreement

Motion	Carol Naccarato moved a no confidence vote in Brad Casemore's leadership of SWMBH
Second	No second and no comments
Motion Failed	

Each Board Member shared their thoughts on action steps for going forward which included: Brad and his leadership team are doing their best, we need to plan for the unknown, continue to be successful with finances, roles and impacts, Washington administration has brought things to a head, what can be done, more eyes on finances, Rehmann audit, more oversight to gain confidence in how things are being done, total confidence in Brad, big problems happened in the last year, teamwork issues started when Summit Pointe and St. Joseph bought the Dispute Resolution which spent a lot of money and effected trust and collaboration, teamwork is breaking down, no need for a forensic audit, money has decreased while need for services has increased.

Motion Lorraine Lindsey moved to Provide an Independent Financial Forensic audit that is approved by the SWMBH Finance Committee and Board and that accurately presents its overall net position which should include a minimum of: Total Assets (Current capital assets, Net leases receivable, Net pension asset), Deferred Outflows of Resources, Total Liabilities (Current liabilities, Long-term liabilities, Net other post-employment benefits liability), Deferred Inflows of Resources, Net Position (Net Investment in capital assets, Restricted Net Position, Unrestricted Net Position).

Second Tom Schmelzer

Motion Carried \*\*\*Tina voted No by voice vote. There was no roll call vote subsequent to that.

Motion Lorriane Lindsey moved that revised Fiscal Year CMH budgets be submitted to the SWMBH Board by the July meeting.

Second Michael Seals

Motion Carried

### **Board Policy Review**

Sherii Sherban noted that Susan Radwan's version of the SWMBH Board policies are missing a couple of policies, and she would reach out to Susan on those missing policies.

Motion Tom Schmelzer moved to approve the balance of the policies

Second Joyce Locke

Motion Carried

### **Executive Limitations Review**

#### **BEL-001 Budgeting**

Tom Schmelzer reported as documented noting that the SWMBH Board Finance Committee approved the revised policy at their last meeting.

Motion Tom Schmelzer moved to approve the revised policy BEL-002 are we sure it is 002 Budgeting as presented.

Second Michael Seals

Motion Carried

### **Board Education**

#### **Information Systems overview/update**

Natalie Spivak reported as documented.

**Communication and Counsel to the Board****Regional Public Policy Plan draft**

Sherii Sherban noted the document in the packet for the Board's review.

**Fiscal Year 2026 Budget Assumptions**

Sherii Sherban noted the document in the packet for the Board's review.

**Managed Care Information Systems (MCIS)/PCE Systems**

PCE implementation on hold due to MDHHS procurement.

**September 12, 2025, Board Meeting location**

September 12, 2025, Board meeting location is Advia Credit Union.

**July Board Policy Direct Inspection**

BEL-009 Global Executive Constraints, Carol Naccarato.

**Public Comment**

None

**Adjournment**

Motion Michael Seals moved to adjourn the Board meeting

Second Joyce Locke

Meeting adjourned at 2:25pm