



Southwest Michigan Behavioral Health Board Meeting
Four Points by Sheraton, 3600 E. Cork St. Ct. Kalamazoo, MI 49001

June 9, 2023

9:30 am to 11:30 am

(d) means document provided

Draft: 5/30/23

- 1. Welcome Guests/Public Comment**
- 2. Agenda Review and Adoption (d) pg.1**
- 3. Financial Interest Disclosure Handling (M. Todd)**
 - John Ruddell, Cass Woodlands
- 4. Consent Agenda**
 - April 14, 2023 SWMBH Board Meeting Minutes (d) pg.3
- 5. Operations Committee**
 - a. March 22, 2023 Meeting Minutes (d) pg.8
 - b. April 26, 2023 Meeting Minutes (d) pg.11
- 6. Ends Metrics Updates (*Requires motion)**

Is the Data Relevant and Compelling? Is the Executive Officer in Compliance? Does the Ends need Revision?

 - None
- 7. Board Actions to be Considered**
 - a. Comerica J Fund Resolution (G. Guidry) (d) pg.14
 - b. Fiscal Year 2022 Independent Audit Report (D. Miller of Roslund Prestage) (d) pg.18
 - c. Operating Agreement Review (D. Hess) (d) pg.55
 - d. Operations Committee Self-Evaluation (D. Hess) (d) pg.68
 - e. Board Retreat Debrief and next steps (B. Casemore) (d) pg.71
- 8. Board Policy Review**

Is the Board in Compliance? Does the Policy Need Revision?

 - a. BG-012 Open Meetings Act and Freedom of Information Act (d) pg.81
 - b. BG-010 Board Committee Principles (d) pg.82
 - c. BG-011 Governing Style (d) pg.83
- 9. Executive Limitations Review**

Is the Executive Officer in Compliance with this Policy? Does the Policy Need Revision?

 - BEL-006 Investments (S. Sherban) (d) pg.85

10. Board Education

- a. Fiscal Year 2023 Year to Date Financial Statements (G. Guidry) (d) pg.90
- b. Fiscal Year 2023 Mid-Year Contract Vendor Summary (G. Guidry) (d) pg.96
- c. Environmental Scan and Strategic Imperatives (B. Casemore) (d) pg.99

11. Communication and Counsel to the Board

- a. Intergovernmental Contract Status (B. Casemore)
- b. July Board Policy Direct Inspection – BEL-009 Global Executive Constraints (E. Meny)

12. Public Comment

13. 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

Four Points by Sheraton, 3600 E. Cork St. Kalamazoo, MI 49001

July 14, 2023

9:30 am - 11:30 am

Southwest Michigan

BEHAVIORAL HEALTH

Board Meeting Minutes

April 14, 2023

Four Points Sheraton, 3600 E. Cork St. Kalamazoo, MI 49001

9:30 am-11:30 am

Draft: 4/17/23

Members Present: Tom Schmelzer, Carol Naccarato, Ruth Perino, Louie Csokasy, Erik Krogh, Nancy Johnson, Sherii Sherban, Angie Dickerson

Members Absent: Edward Meny, Susan Barnes

Guests Present: Bradley Casemore, Executive Officer, SWMBH; Michelle Jacobs, Senior Operations Specialist & Rights Advisor, SWMBH; Garyl Guidry, Chief Financial Officer, SWMBH; Anne Wickham, Chief Administrative Officer, SWMBH; Mila Todd, Chief Compliance Officer, SWMBH; Jonathan Gardner, Director of Quality Assurance and Performance Improvement, SWMBH; Beth Guisinger Director of Utilization Management, SWMBH; Ric Compton, Riverwood Center; Cameron Bullock, St. Joseph County CMH; Richard Thiemkey, Barry County CMH; Madi Quigley, Summit Pointe; Jeff Patton, ISK; Susan Radwan, Consultant; Carl Doerschler, Doerschler and Associates

Welcome Guests

Tom Schmelzer called the meeting to order at 9:30 am and introductions were made.

Public Comment

None

Agenda Review and Adoption

Motion Louie Csokasy moved to approve the agenda as presented.
Second Erik Krogh
Motion Carried

Financial Interest Disclosure (FID) Handling

None

Consent Agenda

Motion Louie Csokasy moved to approve the February 10, 2023 Board meeting minutes as presented.
Second Ruth Perino
Motion Carried

Motion Erik Krogh moved to approve the Consumer Advisory Committee nomination as presented.
Second Carol Naccarato
Motion Carried

Operations Committee

February 1, 2023 Meeting Minutes

Tom Schmelzer noted the minutes in the packet. No questions from the Board.

Operations Committee Quarterly Report

Tom Schmelzer noted the report in the packet. No questions from the Board. Tom Schmelzer commented on the importance of the Operations Committee and it's worth to the Board.

Ends Metrics

Fiscal Year 2022 Annual Consumer Satisfaction Survey Results

Jonathan Gardner reported as documented. Discussion followed.

Motion Ruth Perino moved that the data is relevant and compelling, the Executive Officer is not in compliance and the Ends Metric does not require revision.

Second Carol Naccarato

Motion Carried

Board Actions to be Considered

Bradley Casemore Employment Agreement

Tom Schmelzer discussed Employment Agreement as noted in the document handed out to Board members and the Executive Board Committee's review of document.

Motion Louie Csokasy moved to approve Bradley Casemore's Employment Agreement renewal as presented.

Second Erik Krogh

Roll Call Vote

Tom Schmelzer yes

Ruth Perino yes

Louie Csokasy yes

Angie Dickerson yes

Nancy Johnson yes

Sherii Sherban yes

Erik Krogh yes

Carol Naccarato yes

Motion Carried

Policy Governance Assessment

Brad Casemore introduced Susan Radwan. Susan Radwan reported as documented. Discussion followed. Susan Radwan will join the May 12 Board Retreat for further discussion and consultation.

Retirement Plan Amendment

Brad Casemore reported as documented. Discussion followed.

Motion Louie Csokasy moved to approve the Retirement Plan Amendment as presented.

Second Sherii Sherban

Roll Call Vote

Tom Schmelzer	yes
Ruth Perino	yes
Louie Csokasy	yes
Angie Dickerson	yes
Nancy Johnson	yes
Sherii Sherban	yes
Erik Krogh	yes
Carol Naccarato	yes
Motion Carried	

Election of Officers

Tom Schmelzer nominated Edward Meny for SWMBH Board Chair. No other nominations were made.

Motion	Louie Csokasy moved to approve Edward Meny as SWMBH Board Chair.
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Second	All
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Motion Carried

Louie Csokasy nominated Tom Schmelzer for SWMBH Board Vice-Chair. No other nomination were made.

Motion	Louie Csokasy
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Second	Sherii Sherban
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Motion Carried

Tom Schmelzer nominated Carol Naccarato for SWMB Board Secretary. No other nominations were made.

Motion	Tom Schmelzer
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Second	Erik Krogh
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Motion Carried

Board Policy Review

BG-006 Annual Board Planning

Tom Schmelzer reported as documented.

Motion	Erik Krogh moved that the Board is in compliance with policy BG-006 Annual Board Planning and the policy does not need revision.
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Second	Angie Dickerson
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Motion Carried

BG-001 Committee Structure

Tom Schmelzer reported as documented.

Motion	Louie Csokasy moved that the Board is in compliance with policy BG-001 Committee Structure and the policy does not need revision.
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Second	Sherii Sherban
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Motion Carried

Executive Limitations Review

BEL-001 Budgeting

Carol Naccarato reported as documented.

Motion Carol Naccarato moved that the Executive Officer is in compliance with policy BEL-001 Budgeting and the policy does not need revision.

Second Erik Krogh

Motion Carried

Board Education

Fiscal Year 2023 Year to Date Financial Statements

Garyl Guidry reported as documented. Discussion followed.

Fiscal Year 2022 Financial Results

Garyl Guidry reported as documented. Discussion followed.

Fiscal Year 2022 Quality Assurance and Performance Improvement Program Evaluation

Jonathan Gardner reported as documented. MDHHS Contract and HSAG Audit Specifications: The SWMBH QM department will complete an evaluation of the accomplishments and any potential gaps identified during the previous year's QM activities. When a gap is identified and addressed during that year it will be reported in the QAPI Effectiveness Review/Evaluation. Per the Health Service Advisory Group (HSAG) Recommendations, the full 2022 Quality Management Evaluation Report was presented to the Board of Directors during their 4/14/23 meeting. The Board was provided an opportunity to ask questions and seek clarification on any of the (16) MDHHS required standards/sections included in the report. Discussion ensued and Board Members provided feedback.

SWMBH Retirement Plans

Carl Doerschler reported as documented. Discussion followed.

Michigan Consortium for Healthcare Excellence

Brad Casemore reported as documented.

Fiscal Year 2023 Utilization Management Plan

Beth Guisinger reported as documented. Discussion followed.

Communication and Counsel to the Board

May 12, 2023 Board Retreat Agenda

Brad Casemore noted the document in the packet for the Board's review.

Roslund Prestage email

Brad Casemore noted the document in the packet for the Board's review.

Lakeshore Regional Entity Lawsuit

Brad Casemore noted the document in the packet for the Board's review.

2023 Mental Health America Michigan Rankings

Brad Casemore noted the document in the packet for the Board’s review.

June 9, 2023 SWMBH Draft Board Agenda

Brad Casemore noted the document in the packet for the Board’s review.

Board Member Attendance Roster

Brad Casemore noted the document in the packet for the Board’s review.

Public Comment

None

Adjournment

Motion Erik Krogh moved to adjourn at 11:52 am

Second All

Motion Carried

DRAFT

Southwest Michigan

BEHAVIORAL HEALTH

Operations Committee Meeting Minutes **Meeting: March 22, 2023 10:00am-11:30am**

Members Present

Cameron Bullock, Ric Compton, Jeff Patton, Debbie Hess, Richard Thiemkey, Sue Germann

Guests present

Brad Casemore, CEO, SWMBH; Anne Wickham, Chief Administrative Officer, SWMBH; Garyl Guidry, Chief Financial Officer, SWMBH; Natalie Spivak, Chief Information Officer, SWMBH; Mila Todd, Chief Compliance Officer, SWMBH; Beth Guisinger, Director of Utilization Management, SWMBH; Alena Lacey, Director of Clinical Quality, SWMBH; Jonathan Gardner, Director of Quality Assurance and Performance Improvement, SWMBH; Michelle Jacobs, Senior Operations Specialist and Rights Advisor, SWMBH

Call to Order

Debbie Hess began the meeting at 10:32 am.

Review and approve agenda

Agenda approved as presented.

Review and approve minutes from 2/1/23 Operations Committee Meeting

Minutes were approved by the Committee.

Fiscal Year 2023 Year to Date Financials

Garyl Guidry reported as documented, noting three CMHs that are reporting estimates due to MDHHS implementation of the Standard Cost Allocation reporting. SWMBH is working closely with the CMHs to assist and obtain actual reporting.

Ability To Pay (ATP) Administrative Rule Change Status

Garyl Guidry reviewed the recent State Legislature changes to the Mental Health Code regarding ATP to align Michigan with the Federal sliding scale fee. There are inconsistencies with how to calculate per member per month sessions. Internal meetings with MDHHS are ongoing and implementation is currently on hold. A workgroup has been formed to discuss issues and concerns with application of the rule change and parity throughout the PIHPs. The workgroup has requested something in writing from MDHHS on clarity for implementation.

MI Health Link Integrated Care Organization Mental Health and Substance Use Disorder Mild to Moderate Cost Overruns Accounting Policy

Garyl Guidry reminded the group that SWMBH no longer holds a contract with the ICOs (Aetna and Meridian) although the first three months of Fiscal Year 22/23 reporting remains the same and asked the CMHs to ensure that reporting is provided to SWMBH.

Fiscal Year 2022 Financial Results

Garyl Guidry reported as documented noting the Internal Service Fund is fully funded for Fiscal Year 2023. Money has lapsed back to the State for unspent Direct Care Wages and no Medicaid redeterminations.

Fiscal Year 2023 Financial Statement Estimates

Garyl Guidry reported that SWMBH is working closely with the CMHs to obtain actual reporting.

Operating Agreement Annual Review

Group discussed and will review the report at the April meeting.

Self-Evaluation

Group discussed and agreed to complete the self-evaluation and reviewed the results at the April meeting.

Conflict Free Access and Planning (CFAP)

Brad Casemore and Alena Lacey shared recently released information on CFAP. Group will review in detail at the April meeting.

May 12, 2023 Board Retreat

Brad Casemore noted the agenda in the packet for the group's review.

Portal Commons

Natalie Spivak reported as documented.

Health Service Advisory Group Encounter Validation Audit

Natalie Spivak announced this audit with kick off meetings beginning in April and a due date of May 9th for reporting.

Substance Use Disorder Behavioral Health Treatment Episode Data Set import to SmartCare from PCE

Natalie Spivak reported that a regional meeting took place on 3/24 to review and discussed issues and barriers to reporting. From the Regional Information Technology Committee, a pilot program will begin in April with Riverwood and St. Joe CMH to pilot this initiative.

Wakely Actuarial Services

Brad Casemore shared recent information about these proposed services and PHIPs input and feedback.

Supports Intensity Scale (SIS) Contract Memo

Brad Casemore shared the MDHHS memo regarding the SIS. Due to MDHHS' decision to let their contract expire the SIS will sunset on March 23, 2023. Statewide 55 people have lost their jobs with a three-week notice. SWMBH has lost four staff. Alena Lacey stated that MDHHS is reviewing new needs based eligibility assessments and will make a determination soon.

Intensive Community Transition Services

Mila Todd reported as documented noting SWMBH is reviewing guidelines and procedures to ensure credentialing and proper services for members.

Diversity, Equity and Inclusion (DEI) 2023 Planning

Jeff Patton stated that ISK has developed some initiatives and looks forward to sharing, developing and implementing DEI throughout the region. Discussion followed.

Clinical Tools

Alena Lacey reported as documented noting regional plans for uniformity of benefits, assessments, measuring and monitoring outcomes. Discussion followed.

Parent Support Partner (PSP) and Youth Peer Support (YPS) Service Provision and Availability

Mila Todd reported as documented noting a regional response is being drafted for MDHHS in regard to service provision availability and asked for CMHs input. Discussion followed.

Home Based Certification

Mila Todd reported as documented. Discussion followed.

FY22 Performance Bonus Incentive Program

Jonathan Gardner reported as documented.

2021-2022 Health Services Advisory Group (HSAG) External Quality Review (EQR) Technical Report

Jonathan Gardner reported as documented and will send a breakout of health disparity metrics by county to the CMHs.

2022 Customer Satisfaction Survey Results

Jonathan Gardner reported as documented. Discussion followed.

2023 Customer Satisfaction Survey Process

Jonathan Gardner reviewed ideas for 2023 surveys and noted that the Regional Quality Management Committee continues to review and develop 2023 processes.

MI SMART Screening Tool

Beth Guisinger reported as documented.

SECURE Act 2.0

Brad Casemore reported as documented.

2023 Mental Health America Michigan Rankings

Brad Casemore reported as documented.

2023 Key Legislative Contacts

Brad Casemore reported as documented.

Fiscal Year 2024 Performance Bonus Incentive Program (PBIP)

Brad Casemore shared that he is the point person at the PIHPs level for process development with MDHHS on the Fiscal Year 2024 PBIP metrics and requirements.

Adjourned

Meeting adjourned at 12:30 pm

Southwest Michigan

BEHAVIORAL HEALTH

Operations Committee Meeting Minutes **Meeting: April 26, 2023 10:00am-12:30pm**

Members Present

Cameron Bullock, Ric Compton, Jeff Patton, Debbie Hess, Richard Thiemkey, Sue Germann, Jeannie Goodrich, John Ruddell

Guests present

Brad Casemore, CEO, SWMBH; Garyl Guidry, Chief Financial Officer, SWMBH; Natalie Spivak, Chief Information Officer, SWMBH; Mila Todd, Chief Compliance Officer, SWMBH; Beth Guisinger, Director of Utilization Management, SWMBH; Alena Lacey, Director of Clinical Quality, SWMBH; Jonathan Gardner, Director of Quality Assurance and Performance Improvement, SWMBH; Jeanette Bayyapuneedi, Behavioral Health and Integrated Care Manager, SWMBH; David Misiuk, Health Equity Project Coordinator, SWMBH; Ella Philander, Strategic Initiatives Project Manager, SWMBH; Leah Mitchell, Manager of UM and Call Center, SWMBH; Michelle Jacobs, Senior Operations Specialist and Rights Advisor, SWMBH; Roger Pierce, Jill Brindley, Kelly Jenkins, David Balmer, Amy Rottman (CMH CFOs)

Call to Order

Jeff Patton began the meeting at 10:00 am.

Review and approve agenda

Agenda approved as presented.

Review and approve minutes from 3/22/23 Operations Committee Meeting

Minutes were approved by the Committee.

Fiscal Year 2023 Year to Date Financials

Garyl Guidry reported as documented, noting one CMH is reporting estimates due to MDHHS implementation of the Standard Cost Allocation reporting. Review of Fiscal Year 2022-year end numbers and relevant Fiscal Year 2023 numbers were discussed by group.

Ability To Pay (ATP) Administrative Rule Change Status

Garyl Guidry reviewed the recent DHHS memo on ATP changes.

Conflict Free Access and Planning

Alena Lacey reported as documented and noted that testing will begin today.

Operating Agreement Annual Review

Group reviewed and endorsed Operating Agreement as is with no changes.

Self-Evaluation

Group reviewed and will discuss further at the May 24th Operations Committee meeting.

Michigan Child and Adolescent Needs and Strengths (MICANS) “testing”

Alena Lacey stated that testing is going to begin soon, details and workgroup development is in process.

Fiscal Year 2022 Final Performance Bonus Incentive Program Report

Jonathan Gardner and Garyl Guidry reported as documented. Further discussion at the May 24th Operations Committee meeting.

PIHP/CMHSP funding reduction projections

Garyl Guidry reported as documented noting a projection of a 42-million-dollar loss statewide and a 4.2-million-dollar loss for the SWMBH region. Discussion followed.

MCA Redetermination

Brad Casemore reported as documented.

TCM for released incarcerated persons

Brad Casemore reported as documented and will email report from TBD Solutions to group for their review.

DHHS Incentive Payments

Brad Casemore noted that payments are relatively small and are withheld before payment. These withholds/payments are regarding children in foster care.

Youth Services

Brad Casemore announced that SWMBH and Midstate Health Network are working together with DHHS on ensuring adequate youth services.

Inpatient Psychiatric Workgroup Solution

Brad Casemore discussed a recent State meeting regarding Inpatient Psychiatric Services and emailed SWMBH’s feedback response that was sent to the MDHHS.

Certified Community Behavioral Health Clinic (CCBHC) Financing Impacts

Garyl Guidry and Ella Philander reported as documented. Discussion followed.

Certified Community Behavioral Health Clinic (CCBHC) Expansion Memo

Brad Casemore reported as documented. Ella Philander reviewed due dates to the State for consideration in the expansion. Discussion followed.

Level of Care Utilizations System (LOCUS), Child and Adolescent Functional Assessment Scale (CAFAS), Preschool and Early Childhood Functional Assessment Scale (PECFAS) and Devereux Early Childhood Assessment (DECA) Reports

Alena Lacey reported as documented noting that SWMBH is looking for the best way to gather and report the DECA data.

Encounter Data Validation (EDV) and Performance Measure Validation (PMV)

Natalie Spivak shared the EDV is a new review of MDHHS' and Manage Care Entity's information systems and processes to ascertain how likely the infrastructures are to collect and process complete and accurate encounter data. The PMV is the annual study of performance measure validation of collection and reporting of data.

Health Equity Approach and Collaboration

Jeannette Bayyapuneedi and David Misiuk reported as documented. Discussion followed.

PIHP Tribal Meeting Update

Beth Guisinger reported as documented. Discussion followed.

Intergovernmental Contract

Brad Casemore reviewed history of the Intergovernmental Contract. The contract renewal documents will be reviewed at the May 15th Substance Use Disorder Oversight Policy Board. Documents are scheduled to be mailed to County Administrators and Board of Commissioners Chair in June.

Relias

Brad Casemore noted that the Relias Contract expires September of 2023 and that the region needs to decide if contract should be renewed or not. Discussion followed.

Adjourned

Meeting adjourned at 12:11 pm



Governmental Cash Investment Fund Trust Agreement

This Agreement entered into this _____ day of _____, 20____, by and between Southwest Michigan Behavioral Health (the "Participant") and COMERICA BANK, a Texas banking association, (the "Trustee").

WITNESSETH:

1. The Participant is a "Local Unit" as that term is defined in Michigan Public Act No. 367 of the Public Acts of 1982 (the "Act").
2. The Trustee is a "financial institution" as that term is defined in the Act, and maintains a "Depository," as that term is defined in the Act, and is eligible to be a depository of surplus funds belonging to the State of Michigan under Section 6 of Michigan Public Act No. 105 of the Public Acts of 1855, as amended.
3. An affiliate of the Trustee has adopted the Declaration of Trust (the "Declaration") of the Comerica Governmental Cash Investment Fund, as amended (the "Fund").
4. The Participant desires to create a trust upon the terms and conditions hereinafter set forth, and hereby assigns, transfers, conveys and delivers to the Trustee the Participant's surplus funds, as that term is defined in the Act ("Surplus Funds"), in the amount of \$ 1.00.
5. Additional Surplus Funds may be transferred by the Participant from time to time to the Trustee as additions to the trust estate. The Trustee shall be accountable to the Participant for all deposits of Surplus Funds which it receives, but shall have no duty to collect any deposits from the Participant.
6. At all times during the duration of this Agreement, the Participant shall keep Surplus Funds with the Trustee in an amount not less than \$1.00.
7. Surplus Funds transferred to the Trustee by the Participant shall be invested by the Trustee in the Fund. The Fund and Surplus Funds so invested therein shall be held, invested, applied, administered, accounted for and withdrawn pursuant to the terms and conditions of the Declaration and any amendments thereto, which are hereby incorporated herein by reference.
8. Surplus Funds transferred to the Trustee by the Participant hereunder will, subject to the provisions of the Act, be pooled by the Trustee with the Surplus Funds of other Local Units which the Trustee holds in trust and invested in the Fund.
9. The Trustee shall maintain for the Participant a separate account designated by the Participant's name and number. The account shall show the deposits, earnings, and withdrawals of, and any fees paid by, the Participant. The Trustee shall provide Participant with a monthly statement of transactions posted to the Participant's account and, upon request, shall furnish a report to the Participant showing the investment holdings of the Fund as of the end of the month prior to such request.
10. The Trustee shall pay from the Fund all necessary and proper disbursements, expenses and liabilities in the administration of the trust hereunder, including the compensation of the Trustee for its services. The amount of such compensation shall be determined by the Trustee's schedule of charges applicable to participations in the Fund in effect for the period of time for which such charges are made. The Participant acknowledges receiving a copy of the current schedule of charges. The Trustee may amend its schedule of charges applicable to participations in the Fund upon at least thirty (30) days prior written notice to the Participant and all other Local Units participating in the Fund. The Trustee shall also be entitled to reasonable additional compensation, payable from the Fund, for any extraordinary services requested or required of it by Participant.
11. Earnings of the Fund in excess of the charges provided herein shall be credited, disbursed or withdrawn, and losses shall be allocated, pursuant to the provisions of the Declaration.

12. The Trustee shall invest and reinvest the Fund only in the manner permitted in Section 1 of Michigan Public Act 20 of the Public Acts of 1943, as amended, being Section 129.91 of the Michigan Compiled Laws and Section 1223 of Michigan Public Act 451 of the Public Acts of 1976, as amended, being Section 380.1223 of the Michigan Compiled Laws, and in accordance with the Act.
13. The Trustee shall be fully protected in relying and acting upon a certification of the Participant (or such other person as the Participant may designate) with respect to any instruction, direction or approval of the Participant, and any instrument, certificate or paper believed by it to be genuine and signed or presented by the proper person or persons; and, as to all of the foregoing, the Trustee is hereby relieved of any duty to make investigation or inquiry as to any statement contained in any such writing and is authorized to accept the same as conclusive evidence of the truth and accuracy of the statements therein contained.
14. This Agreement shall continue in force and effect until terminated by revocation or resignation as provided herein. The Participant may revoke this Agreement by an instrument in writing delivered to the Trustee effective as of any Valuation Date (as that term is defined in the Declaration) of the Fund. The Trustee may resign the trust herein effective as of any Valuation Date of the Fund that is at least thirty (30) days subsequent to delivery to Participant of written notice of intent to resign. In the event of revocation or resignation as provided herein, the entire value of the Participant's participation in the Fund shall be withdrawn by the Trustee and paid over to the Participant pursuant to the terms and conditions of the Declaration and this Trust Agreement.
15. This Agreement and the trust created hereby shall be construed, regulated and administered under the laws of Michigan, and the Trustee shall be liable to account only in the courts of that State. All contributions are effective when received by the Trustee in Michigan. The Trustee may at any time initiate legal action for the settlement of its accounts or for the determination of any question of constructions which may arise or for instructions, the only necessary party defendant to such action shall be the Participant, except that the Trustee may elect to bring in others as defendants.
16. The Trustee is a party to this Agreement solely for the purposes set forth herein, and no obligation or duty shall be expected or required of it except as expressly stated. This Agreement embodies the entire agreement of the parties, superseding any and all prior agreements, proposals, and understandings, whether written or oral. To the fullest extent permitted by applicable law, neither the Trustee nor any of its or its affiliates' directors, officers, employees or authorized representatives shall be liable for any action or omission in connection with the performance of its duties under this Agreement except for gross negligence or willful misconduct.
17. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.
18. The Participant agrees to be bound by all the provisions of the Declaration applicable to the Participant.
19. **The Participant and the Trustee acknowledge that the right to trial by jury is a constitutional one, but that it may be waived. The Participant and the Trustee, after consulting (or having had the opportunity to consult) with counsel of their own choosing, each knowingly and voluntarily, and for their mutual benefit, waive any right to trial by jury in the event of litigation involving the performance or enforcement of, or in any way related to, this Agreement.**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

Southwest Michigan Behavioral Health

Participant

By: _____

Its: Chief Financial Officer

COMERICA BANK

Fiscal Year End: 09/30

By: _____

T.I.N.: 46-3906778

Its: _____



**RESOLUTION FOR POLITICAL SUBDIVISION
COMERICA BANK**

RESOLVED:

1. That Comerica Bank, a Texas banking association (the “Trustee”), is hereby designated as Trustee on behalf of Southwest Michigan Behavioral Health (the “Local Unit”) and authorized to accept up to all of the Local Unit’s Surplus Funds, as defined in Michigan Public Act No. 367 of the Public Acts of 1982 (the “Act”).
2. That the Treasurer of the Local Unit, or the individual acting in the official capacity of CFO, is hereby authorized to enter into a trust agreement with the Trustee (insert title) providing for the investment of Surplus Funds in accordance with the Act.
3. That any other authorizations or directions required to be signed or given in connection with the intent of this resolution may be signed or given from time to time by the Treasurer, or any individual then acting in any one of the following official capacities: **(Please check all that apply)**

- | | |
|---|---|
| <input type="checkbox"/> Finance Director | <input type="checkbox"/> Mayor |
| <input type="checkbox"/> Assistant Finance Director | <input type="checkbox"/> Supervisor |
| <input type="checkbox"/> Deputy Treasurer | <input checked="" type="checkbox"/> Other: <u>CFO & CEO</u> |
| <input type="checkbox"/> City Manager | |

Whose signature(s) shall be duly certified to the Trustee, and the Trustee is hereby authorized to accept any Surplus Funds for investment in accordance with the Act and any agreement entered into between the Local Unit and the Trustee in connection therewith.

4. These Resolutions shall continue in force until notice to the contrary in writing is duly served on the Trustee (such notice to have no effect on any action previously taken by the Trustee in reliance on these Resolutions).
5. Any person, corporation or other legal entity dealing with the Trustee may rely upon a certificate signed by an officer of the Trustee to effect that these Resolutions and any agreement, instrument or document executed pursuant to them are still in full force and effect and binding upon the Local Unit.

TO COMERICA BANK:

I, the undersigned, do hereby certify that I am the duly elected, qualified and acting **Clerk, Secretary** (circle one) of Regional Entity of Southwest Michigan Behavioral Health

Name of Legislative Body

Name of Public Entity

and that the foregoing is a true and correct copy of the resolutions adopted by said body at a duly convened meeting of said body held on the ____ day of _____, 20____, that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, that the minutes of said meeting were kept and will be or have been made available as required by said Act, and that the same are in full force and effect as of the date hereof and have not been modified.

IN WITNESS WHEREOF, I have hereunto set my hand as Clerk, Secretary (circle one) this ____ day of _____, 20____.

Signature of Clerk, Secretary



**COMERICA GOVERNMENTAL CASH INVESTMENT FUND
AUTHORITY FORM**

COMERICA BANK, as Trustee
Detroit, Michigan 48275

Comerica Bank is Trustee on behalf of Southwest Michigan Behavioral Health
Name of Public Entity

(the “Public Entity”) and is authorized to accept the Public Entity’s surplus funds, as defined in Michigan Public Act 367 of the Public Acts of 1982 (the “Act”). Any authorizations or directions required to be signed or given may be signed or given by the Treasurer or any one of the following:

Name	Title	Signature
Bradley P. Casemore	Chief Executive Officer	
Garyl L. Guidry Jr	Chief Financial Officer	

I certify that the above named persons have been duly elected to the offices set opposite their respective names, that they continue to hold these offices at the present time, and that the signatures which appear above are the genuine, original signatures of each respectively:

The Trustee may consider the holders of the offices of the Public Entity and their signatures, respectively, to be and continue to be as set forth in this Authority Form until notice to the contrary in writing is duly served on the Trustee.

Southwest Michigan Behavioral Health
Name of Public Entity

Authorized Signer

Title

Date

**Please complete and return original to:
Comerica Bank
Municipalities Group PO Box 75000 Mail Code 3354 Detroit, Michigan 48275-3354**

Southwest Michigan Behavioral Health

Financial Statements
September 30, 2022



Southwest Michigan Behavioral Health
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September 30, 2022

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Communication with Those Charged with Governance at the Conclusion of the Audit 19-20

Federal Awards Supplementary Information Issued Under
Separate Cover



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 Entity), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Entity'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 Entity, as of September 30, 2022, 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 Entity 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.

Change in Accounting Principle

As discussed in the notes to the financial statements, during 2022 the Entity adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

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 Entity'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 Entity'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 Entity'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 29, 2023, on our consideration of the Entity'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 Entity'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 Entity's internal control over financial reporting and compliance.

Sincerely,



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

March 29, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS



SOUTHWEST MICHIGAN BEHAVIORAL HEALTH (SWMBH)
MANAGEMENT DISCUSSION & ANALYSIS FISCAL YEAR 2022
FOR THE PERIOD October 1, 2021 – SEPTEMBER 30, 2022

The following narrative offers readers of Southwest Michigan Behavioral Health's external audit a narrative overview and analysis of its operational and financial activities for the 12-month period ended September 30, 2022.

The information contained in management's discussion and analysis (MD&A) should be considered in conjunction with financial statements.

BACKGROUND:

Southwest Michigan Behavioral Health (SWMBH) is a Michigan public body, created as a Regional Entity under 330.1204(b) of the Michigan Mental Health Code. SWMBH became the regional Prepaid Inpatient Health Plan (PIHP) for Medicaid Specialty Services and Supports and other related payer contracts on January 1, 2014. SWMBH became the Substance Abuse Coordinating Agency for the eight countyⁱ region on February 1, 2014. SWMBH is a participating PIHP in the MI Health Link Demonstration for dual eligibles. This began March 1, 2015 and ended on December 31, 2022.

SWMBH has its own governing board comprised of one appointee from each Participant Community Mental Health Services Program (CMHSP) Boardⁱⁱ. SWMBH is a separate legal entity from the CMHSPs. Additionally, Per MCL 300.1100a (22), an Inter-governmental Agreement was executed on December 10, 2013 and a Substance Abuse Oversight Policy Board established on January 20, 2014. This agreement was renewed in 2020.

SWMBH is responsible for managing a range of publicly funded behavioral health benefits in the counties of Barry, Berrien, Branch, Calhoun, Cass, Kalamazoo, St. Joseph, and Van Buren. SWMBH holds both capitated and cost-based reimbursement contracts with the Michigan Department of Health and Human Services (MDHHS) for Medicaid Managed Specialty and Support Services, Medicaid and MiChild (state program name), Autism Benefits under an iSPA, Healthy Michigan Plan, Habitation Supports Waiver, Opioid Health Home, Certified Community Behavioral Health Clinics, Block Grant & and PA2 Substance Abuse Prevention and Treatment. SWMBH contracts with and funds each Participant CMH in a sub-capitation style, interim payment, cost-settlement model for most of these contracts, though not all. SWMBH is the risk-bearer for these contracts. SWMBH also maintains a provider network for selected services and supports with other providers on a per-diem or fee-for-service contracts.

SWMBH's duties include:

- Enter into contracts to provide services to plan members;
- Fulfillment of its benefits management PIHP role to MDHHS, including assuring delegated managed care functions are sound,
- Manage all mental health and substance abuse funds provided to the organization either directly or via sub-contract;
- Manage many of the primary and specialty medical care dollars;
- Assure that plan members are satisfied with their health care services;
- Assure that the State is satisfied with the performance of SWMBH;
- Remove barriers to seeking behavioral and primary care services;
- Uniformity of benefit (access, severity of illness-intensity of service, etc.)
- Assure plan members are aware of services and those who seek services are seen at or above stated standards;
- Assure plan members utilizing services experience improvements in their quality of life;
- Assure administrative and service efficiencies are achieved;
- Assure compliance to all applicable regulatory and contractual requirements for itself, its participant CMHs and its contracted providers.

Using This Annual Report

The annual report consists of four parts:

1. Management's Discussion & Analysis (MD&A)
2. Basic Financial Statements
3. Notes to the Financial Statements

The MD&A provides management's view of the current performance and financial results and expectations about the future.

The financial statements include the Statement of Net Position (often referred to as the Balance Sheet) which reflects the balance in the assets, liabilities, and net position of SWMBH as of September 30, 2022. The net position is the result of the assets minus the liabilities, reflecting the financial health or position of the organization.

The Statement of Revenues, Expenses, and Changes in Net Position reflects the revenues, expenses and increase or decrease in the net position of SWMBH as a result of its activities during the period of time being reported.

The Statement of Cash Flows shows the sources from which funds were received, and how they were used over the course of the time being reported.

SWMBH uses the accrual method of accounting, meaning that all of the period's revenues and expenses are taken into account regardless of when cash is actually received or paid. Revenues are recognized when earned, and expenses are recognized when incurred, absent instructions to the contrary from MDHHS or GAAP.

FINANCIAL HIGHLIGHTS

SWMBH's financial review will focus on the current year's results. Total assets at September 30, 2022 were \$76,401,074 and total liabilities were \$48,436,707. The difference between total assets and liabilities reflects the net revenue from activities of \$27,964,367, interest income on ISF funds of \$1,387 and Medicaid savings income of \$34,146.

Total program revenue for the Regional Entity for the period October 1, 2021 through September 30, 2022 was as follows:

State Funding:	\$	331,739,762
Federal Grants:		8,289,774
Local Funding		3,039,339
Total Revenues:	\$	343,068,875

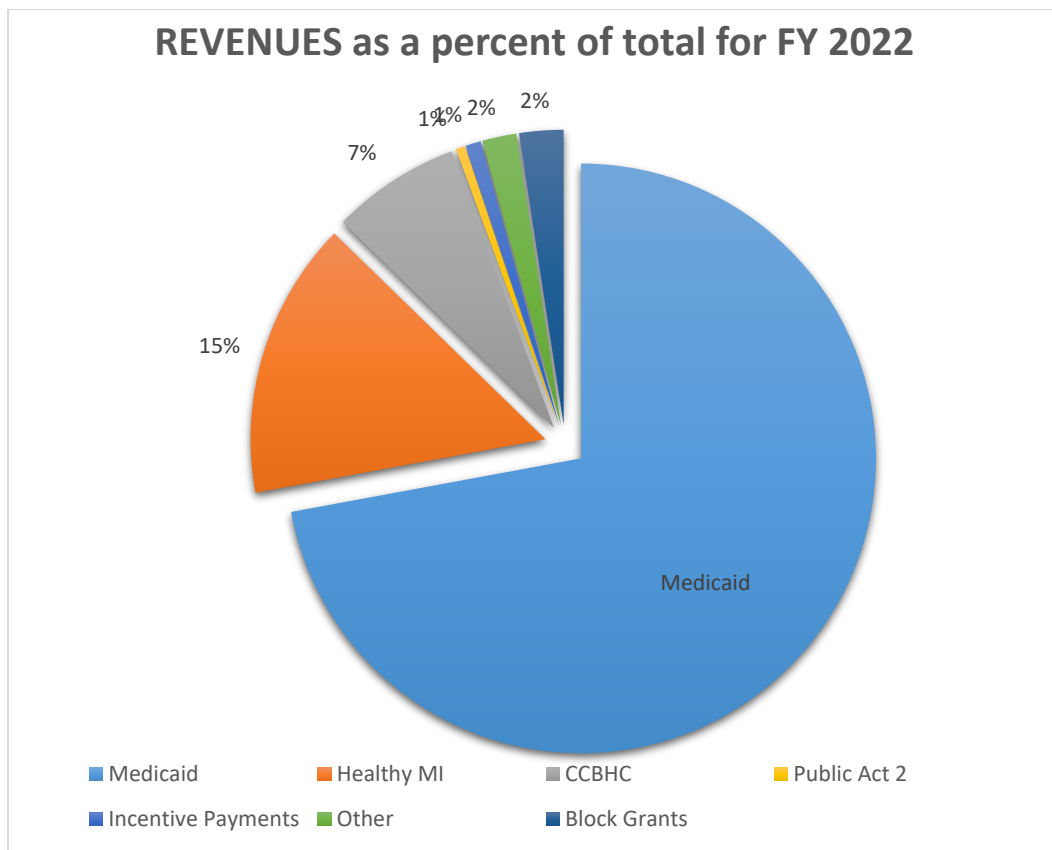
Specialty Managed Care Services Internal Service (Risk Reserve) Fund (ISF) is at 7.5%, as of 9/30/2022.

Medicaid Only:

Medical Loss Ratio (MLR):	Actual %	87.0
Admin Cost/Total Cost (ACR):	Actual %	11.7

These results are close or within normally occurring ranges. These ratios are monitored closely.

ANALYSIS OF FINANCIAL POSITION & OPERATING RESULTS:



Revenue by program is reflected in the chart above and as follows:

State & Local Funding:

Medicaid	\$ 247,317,391.00	72%
Healthy MI	\$ 52,162,212.00	15%
CCBHC	\$ 24,220,321.00	7%
Public Act 2	\$ 1,749,987.00	1%
Incentive Payments	\$ 2,887,315.00	1%
Other	\$ 6,441,875.00	2%

Federal Grants:

Block Grants	\$ 8,289,774.00	2%
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Total Revenue:	\$ 343,068,875.00	100%
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ANALYSIS OF BALANCES & TRANSACTIONS OF INDIVIDUAL FUNDS:

SWMBH receives funds from the federal and state governments and contracts with local Community Mental Health Service Providers (CMHSPs) and other providers to provide services for eligible beneficiaries. Additionally, each participant CMHSP provides to SWMBH delegated managed care functions within their county service area. The funds are maintained for the following programs:

- Medicaid Specialty Supports and Services including Habitation Supports Waiver (HSW)
These programs provide a comprehensive array of specialty mental health and substance abuse services for eligible beneficiaries.
- Substance Abuse/Block Grant/PA2
Provides for the administration and coordination of substance use disorder (SUD) services.
- Healthy Michigan Plan
Provides for medically necessary services based on modified gross income eligibility. Autism benefits, provides for the coordination of services to children diagnosis of autism, these funds are not included in the monthly capitation payment from MDHHS.

CAPITAL ASSET & LONG-TERM DEBT ACTIVITY:

Southwest Michigan Behavioral Health does not own the land or the buildings from which it operates. It also has no long-term debt.

As of September 30, 2022, SWMBH has the following capitalized assets which consist of:

Vehicles:	\$ 28,613
Managed Care Software	796,755
Right to use assets	472,940
Accumulated Depreciation	(978,246)
 Total (Net) Capital Assets	 <u>\$320,063</u>

There was no long-term debt incurred during the past year.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS:

Despite very real threats to the public behavioral health system and especially to PIHPs because of Senate Bills 597 and 598 through 12/31/22 SWMBH had a very successful year financially and operationally. Board Ends Metrics were almost fully achieved, voluntary staff departures were very low and exclusively a result of personal or geographic reasons, MMBPIS scores were outstanding, and staff satisfaction and engagement continued into their highest levels since we began the survey. Our Internal Service Fund is at maximum capacity and Medicaid savings brought into fiscal year 2023 were also maximized.

We successfully installed and supported two Certified Community Behavioral Health Clinics and two Opioid Health Homes. We added a talented Director of Clinical Quality and refined their management portfolio and resources thus enhancing provider access, quality of care, best practices, and proofs of impact. We added a Manager of Integrated Care to support all areas of whole person care including but not limited to Medicaid enrollees shared with Medicaid Health Homes, Certified Community Behavioral Health Clinics, Opioid Health Homes, and criminal justice involved Medicaid enrollees. We finalized our 2023-2025 Strategic Plan.

We successfully analyzed, planned, and executed our extrication from the Medicaid-Medicare Financial Alignment Demonstration known as MI Health Link without disruption to beneficiaries or providers. Most importantly our overall Customer Satisfaction Results were very positive. There will be cost settlements with the ICO's in FY23.

FORWARD OUTLOOK

Looking forward our primary areas of attention include evolving healthcare information exchange and healthcare data analytics in support of both clinical and administrative operations; challenging and developing staff; installing formal succession planning; addressing service needs for children and adolescents particularly those involved in child welfare and foster care; enhancing attention on and resources for Social Determinants of Health; successfully implementing the myriad of MDHHS initiatives such as Home and Community Based Rules, inpatient psychiatric bed registry, 988 crisis line, etc.; identifying and installing more evidence-based and promising practices; and modernizing our proof of clinical impact approaches.

Provider staffing of all types continues and has worsened as a pressure on the quantity and quality of provider staff and services. For SWMBH staff retention and recruitment mandates are likely to create pressure to enhance salaries and benefits. On the revenue side it is a fact that the reinstitution of Medicaid eligibility determinations will reduce Medicaid enrollees and thus Medicaid capitation payments in fiscal year 2023 and 2024. Additionally, we are seeing and will

analyze and consider the Medicaid funding effects of the Certified Community Behavioral Health funding model on our region both CCBHCs and non-CCBHCs.

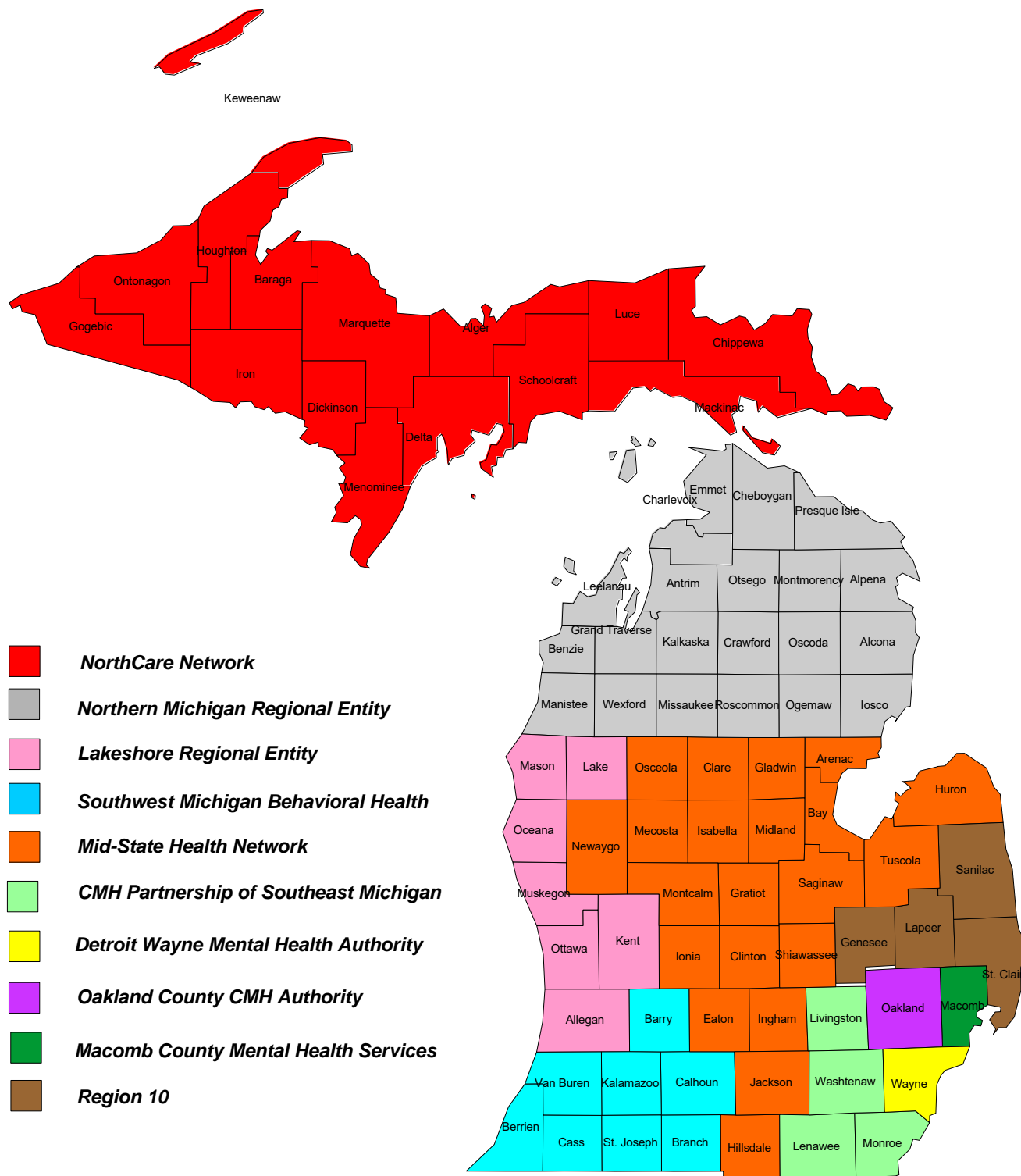
With the expiration of Senate Bills 597 and 598 and the departure of the main proponent of privatization of the public behavioral health system from the legislature total energy can be directed towards individual functional improvements, multi-system collaborations, and population health improvements.

Regardless of the environment our Board, management and CMHSPs maintain our focus on exemplary access, quality, effectiveness, and cost considerations.

ⁱ Map of Michigan's Regional Entities

ⁱⁱ 2021 SWMBH Board Member Roster

Michigan PIHP Map





2022 Board Member Roster

Barry County

- Ruth Perino
- Robert Becker (Alternate)

Berrien County

- Edward Meny - Chair
- Nancy Johnson (Alternate)

Branch County

- Tom Schmelzer – Vice-Chair
- Jon Houtz (Alternate)

Calhoun County

- Sherii Sherban
- Kathy-Sue Vette (Alternate)

Cass County

- Louie Csokasy
- Jeanne Jourdan (Alternate)

Kalamazoo County

- Erik Krogh
- Karen Longanecker (Alternate)

St. Joseph County

- Carole Naccarato
- Cathi Abbs (Alternate)

Van Buren County

- Susan Barnes - Secretary
- Angie Dickerson (Alternate)

BASIC FINANCIAL STATEMENTS



Southwest Michigan Behavioral Health
Statement of Net Position
September 30, 2022

	Enterprise Fund	Internal Service	
	Mental Health	Medicaid Risk	Total Proprietary
	Operating	Reserve	Funds
Current assets			
Cash and cash equivalents - unrestricted	\$ 37,409,782	\$ -	\$ 37,409,782
Cash and cash equivalents - restricted	321,853	21,776,004	22,097,857
Accounts receivable	650,530	-	650,530
Due from other governmental units	37,627,895	-	37,627,895
Due from other funds	-	1,604,917	1,604,917
Prepaid expenses	70,951	-	70,951
Total current assets	76,081,011	23,380,921	99,461,932
Noncurrent assets			
Capital assets being depreciated, net	320,063	-	320,063
Total assets	76,401,074	23,380,921	99,781,995
Current liabilities			
Accounts payable	2,699,644	-	2,699,644
Accrued payroll and benefits	452,868	-	452,868
Due to other governmental units	37,771,921	-	37,771,921
Due to other funds	1,604,917	-	1,604,917
Unearned revenue	5,260,019	-	5,260,019
Compensated absences, due within one year	48,278	-	48,278
Lease liability, due within one year	156,620	-	156,620
Total current liabilities	47,994,267	-	47,994,267
Noncurrent liabilities			
Compensated absences, due beyond one year	273,575	-	273,575
Lease liability, due beyond one year	168,865	-	168,865
Total noncurrent liabilities	442,440	-	442,440
Total liabilities	48,436,707	-	48,436,707
Net position			
Net investment in capital assets	(5,422)	-	(5,422)
Restricted for Medicaid risk management	-	19,457,362	19,457,362
Restricted for Healthy Michigan risk management	-	3,923,559	3,923,559
Restricted for Medicaid Savings	22,369,140	-	22,369,140
Restricted for Healthy Michigan Savings	1,011,782	-	1,011,782
Restricted for Performance Bonus Incentive Pool	4,102,241	-	4,102,241
Unrestricted	486,626	-	486,626
Total net position	\$ 27,964,367	\$ 23,380,921	\$ 51,345,288

The notes to the financial statements are an integral part of this statement.

Southwest Michigan Behavioral Health
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended September 30, 2022

	Enterprise Fund	Internal Service	
	Mental Health	Medicaid Risk	Total Proprietary
	Operating	Reserve	Funds
Operating revenues			
State and federal funding			
Medicaid	\$ 247,317,391	\$ -	\$ 247,317,391
Healthy Michigan	52,162,212	-	52,162,212
CCBHC	24,220,321	-	24,220,321
Incentive payments	2,887,315	-	2,887,315
Medicare-Medicaid capitated revenue	5,152,523	-	5,152,523
State and federal grant revenue	8,289,774	-	8,289,774
Total State and Federal funding	340,029,536	-	340,029,536
Local funding			
Public Act 2 funding	1,749,987	-	1,749,987
Local match drawdown	1,289,352	-	1,289,352
Total local funding	3,039,339	-	3,039,339
Total operating revenues	343,068,875	-	343,068,875
Operating expenses			
Funding for affiliate partners			
Barry County Community Mental Health	12,429,784	-	12,429,784
Kalamazoo Community Mental Health	83,582,215	-	83,582,215
Pines Behavioral Health	13,975,838	-	13,975,838
Riverwood Center	51,481,267	-	51,481,267
St. Joseph Community Mental Health	21,357,395	-	21,357,395
Summit Pointe	51,957,914	-	51,957,914
Van Buren Community Mental Health	27,483,780	-	27,483,780
Woodlands Behavioral Healthcare Network	15,408,394	-	15,408,394
PBIP funding for affiliate partners	1,504,709	-	1,504,709
CCBHC funding for affiliate partners	8,359,629	-	8,359,629
Total funding for affiliate partners	287,540,925	-	287,540,925
Contract expenditures			
Contractual services	25,600,927	-	25,600,927
IPA and HRA taxes	8,301,277	-	8,301,277
Local match drawdown	1,289,352	-	1,289,352
Total contract expenditures	35,191,556	-	35,191,556
Administrative expenses			
Salaries and contracted personnel	6,278,770	-	6,278,770
Fringe benefits	1,969,609	-	1,969,609
Board expenses	8,197	-	8,197
Community education	53,283	-	53,283
Depreciation expense	163,369	-	163,369
Furniture and small equipment	432,555	-	432,555
Insurance	34,660	-	34,660
IT and Consulting services	705,846	-	705,846
Lease expense	25,135	-	25,135
Legal and professional	191,437	-	191,437

The notes to the financial statements are an integral part of this statement.

Southwest Michigan Behavioral Health
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended September 30, 2022

	Enterprise Fund	Internal Service	
	Mental Health	Medicaid Risk	Total Proprietary
	Operating	Reserve	Funds
Maintenance and custodial	\$ 23,719	\$ -	\$ 23,719
Meeting and training expense	89,690	-	89,690
Membership and dues	53,048	-	53,048
Other operating expenses	170,205	-	170,205
Staff development and travel	49,398	-	49,398
Supplies	45,721	-	45,721
Utilities	72,935	-	72,935
Total administrative expenses	10,367,577	-	10,367,577
Total operating expenses	333,100,058	-	333,100,058
Operating income (loss)	9,968,817	-	9,968,817
Non-operating revenues (expenses)			
Investment income	34,146	1,387	35,533
Interest expense	(21,475)	-	(21,475)
Non-operating local expense	(81,337)	-	(81,337)
Total non-operating revenues (expenses)	(68,666)	1,387	(67,279)
Transfers			
Transfer in (out)	(1,603,530)	1,603,530	-
Total transfer in (out)	(1,603,530)	1,603,530	-
Change in net position	8,296,621	1,604,917	9,901,538
Net position, beginning of year	20,851,212	21,776,004	42,627,216
Prior period adjustment	(1,183,466)	-	(1,183,466)
Net position, end of year	\$ 27,964,367	\$ 23,380,921	\$ 51,345,288

Southwest Michigan Behavioral Health
Statement of Cash Flows
For the Year Ended September 30, 2022

	Enterprise Fund	Internal Service	
	Mental Health	Medicaid Risk	Total Proprietary
	Operating	Reserve	Funds
Cash flows from operating activities			
Receipts from the State and other governments	\$ 341,436,615	\$ -	\$ 341,436,615
Payments to employees	(8,179,086)	-	(8,179,086)
Payments to affiliates and other governments	(305,797,242)	-	(305,797,242)
Payments to suppliers and providers	(383,451)	-	(383,451)
Net cash provided by operating activities	27,076,836	-	27,076,836
Cash flows from capital and related financing activities			
Acquisition of capital assets	(472,940)	-	(472,940)
Proceeds from lease liability	472,940	-	472,940
Payment of lease liability	(147,455)	-	(147,455)
Payment of interest	(21,475)	-	(21,475)
Net cash provided by capital and related financing activities	(168,930)	-	(168,930)
Cash flows from noncapital financing activities			
Payments from/to other funds	(16,760,780)	16,760,780	-
Payments for non-operating local expense	(81,337)	-	(81,337)
Net cash provided by noncapital financing activities	(16,842,117)	16,760,780	(81,337)
Cash flows from investment activities			
Investment income	34,146	1,387	35,533
Net cash provided by investment activities	34,146	1,387	35,533
Net increase in cash and cash equivalents	10,099,935	16,762,167	26,862,102
Cash and cash equivalents, beginning of year	27,631,700	5,013,837	32,645,537
Cash and cash equivalents, end of year	<u>\$ 37,731,635</u>	<u>\$ 21,776,004</u>	<u>\$ 59,507,639</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 9,968,817	\$ -	\$ 9,968,817
Depreciation expense	163,369	-	163,369
Changes in assets and liabilities:			
Accounts receivable	(631,950)	-	(631,950)
Due from other governmental units	(448,364)	-	(448,364)
Prepaid expenses	(8,932)	-	(8,932)
Accounts payable	1,581,309	-	1,581,309
Accrued payroll and benefits	104,397	-	104,397
Due to other governmental units	18,027,293	-	18,027,293
Incurred but not reported claims liability	(643,690)	-	(643,690)
Unearned revenue	(1,000,310)	-	(1,000,310)
Compensated absences	(35,103)	-	(35,103)
Net cash provided by (used in) operating activities	<u>\$ 27,076,836</u>	<u>\$ -</u>	<u>\$ 27,076,836</u>

The notes to the financial statements are an integral part of this statement.

**NOTES TO THE
FINANCIAL STATEMENTS**



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Southwest Michigan Behavioral Health (the Entity) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies used by the Entity.

Reporting Entity

The Entity was formed by the CMHSP Participants to serve as the prepaid inpatient health plan (“PIHP”) beginning on January 1, 2014 for the 8 counties designated by the Michigan Department of Health and Human Services as Region 4. The CMHSP Participants include Barry County Community Mental Health, Pines Behavioral Health (Branch Community Mental Health), Riverwood Center (Berrien Community Mental Health), Woodlands Behavioral Healthcare Network (Cass County Community Mental Health), Kalamazoo County Community Mental Health (Integrated Services of Kalamazoo), Summit Pointe (Calhoun Community Mental Health), St. Joseph County Community Mental Health, and Van Buren Community Mental Health Authority.

Southwest Michigan Behavioral Health is a regional entity, which was formed pursuant to 1974 P.A. 258, as amended, MCL §330.1204b, as a public governmental entity separate from the CMHSP Participants that established it.

Financial Statement Presentation

Under GASB 34, the Entity is considered a special purpose government and has elected to present the basic statements as an Enterprise Fund (a type of proprietary fund) which is designed to be self-supporting. Enterprise Funds distinguish operating revenues and expenses from nonoperating items. The principal operating revenues of the Entity are charges related to serving its customers (including primarily “per member per month” capitation and state and county appropriations). Operating expenses for the Entity include costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses including investment income and interest expense.

As a general rule, the effect of interfund activity has been eliminated when presenting total proprietary fund activity.

All amounts shown are in U.S. dollars.

Fund Accounting

The accounts of the Entity are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenue, and expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Entity reports the following major enterprise fund:

Mental Health Operating Fund – This fund is used to account for those activities that are financed and operated in a manner similar to private business relating to revenues earned, costs incurred, and/or net income. This fund of the Entity accounts for its general operations.

In addition, the Entity reports the following major internal service fund:

Medicaid Risk Reserve Fund – This fund is used to cover the risk associated with the Medicaid Managed Care Specialty Services Program Contract. This contract provides for the use of Department of Health and Human Services funding for the establishment of Internal Service Funds.

Basis of Accounting and Measurement Focus

The accounting and financial reporting treatment is determined by the applicable basis of accounting and measurement focus. Basis of accounting refers to when revenue and expenses are recognized in the accounts and reported in the financial statements. Measurement focus indicates the type of resources being measured such

as *current financial resources* or *economic resources*.

The proprietary funds are accounted for using the full accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred, regardless of the timing of related cash flows. The proprietary funds are accounted for on a cost of services or economic resources measurement focus. This means that all assets and all liabilities associated with their activity are included on the statement of net position.

Cash and Cash Equivalents

The Entity's cash and cash equivalents are considered to be cash on hand, money market funds, demand deposits, and certificates of deposit.

Investments

Investments for the Entity are reported at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Accounts Receivable/Payable

Accounts receivable/payable in all funds report amounts that have arisen in the ordinary course of business. Accounts receivable is stated net of allowances for uncollectible amounts, if any.

Due from/Due to Other Governmental Units

Due from/due to other governmental units consist primarily of amounts due from/to the CMHSPs Participants and the State of Michigan.

Inventories

The Entity does not recognize supplies inventory as an asset. The cost of these supplies is considered immaterial to the financial statements and the quantities are not prone to wide fluctuation from year to year. The costs of such supplies are expensed when purchased.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

Capital Assets

Capital assets are tangible and intangible assets, defined by the Entity as individual assets with an initial cost equal to or more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible capital assets in the appropriate capital asset class.

The costs of normal maintenance and repairs that do not increase the asset's capacity or efficiency or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in process, if any, are not depreciated. Right to use assets of the Entity are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives. The other capital assets of the Entity are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Computers and software	3
Vehicles	5
Right to use - building	3

The Entity reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the

carrying amount of an asset exceeds its fair value. If it is determined that an impairment loss has occurred, the asset is written down to its net realizable value and a related expense is recognized in the current year.

Accrued Payroll and Benefits

Accrued payroll and benefits relate to salaries and wages earned in September but not paid until October.

Unearned Revenue

The Entity reports unearned revenue when revenue does not meet either the “measurable” and “available” criteria for recognition in the current period, or when resources are received by the Entity before it has a legal claim to them, such as when grant money is received prior to the incurrence of qualifying expenses. In subsequent periods, when both revenue recognition criteria are met, or when the Entity has legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

Incurred But Not Reported (IBNR) Liability

The amounts recorded in liabilities include amounts for incurred inpatient, residential and community provider claims liability based on management’s estimate. The Entity may not be billed for these until several months after the date of service. The actual cost may vary from the estimated amount for a variety of reasons that include, but are not limited to, retroactive consumer eligibility or cost recovery from other third-party payers.

The methodology used in estimating reserves considers factors such as historical data adjusted for payment patterns, cost trends, service and benefit mixes, seasonality, utilization of health care services, internal processing changes, the amount of time it took to pay claims from prior periods, changes in the past few months in the claims adjudication procedures, changes in benefits, events that would lead to excessive claims, large increases or decreases in membership, and other relevant factors.

Compensated Absences

The Entity’s policy permits employees to accumulate earned but unused vacation and sick benefits, which are eligible for payment upon separation from the Entity’s service. The liability for such leave is reported as incurred in the financial statements. The liability for compensated absences includes salary related benefits, where applicable.

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Entity has no items that qualify for reporting in this category.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Entity has no items that qualify for reporting in this category.

Leases as a Lessee

The Entity is a lessee for a variety of noncancelable leases. The Entity recognizes a lease liability and an intangible right-to-use lease asset in the financial statements. The Entity recognizes lease liabilities in accordance with the capital asset policy discussed above.

At the commencement of a lease, the Entity initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the Entity determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Entity uses the interest rate charged by the lessor as the discount rate. When the interest rate charged

by the lessor is not provided, the Entity generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Entity is reasonably certain to exercise.

The Entity monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term obligations on the statement of net position.

Net Position

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- *Net investment in capital assets* consist of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- *Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- *Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the Entity will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Entity's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

MDHHS Revenue

The Entity serves as the Pre-Paid Inpatient Health Plan for the area that includes Barry, Berrien, Branch, Calhoun, Cass, Kalamazoo, St. Joseph and Van Buren Counties. The Entity contracts directly with the Michigan Department of Health and Human Services (MDHHS) to administer mental health and substance abuse revenues for covered services provided to eligible residents of these counties.

Restrictions on Net Position

Mental Health Operating

A portion of the net position has been restricted in the Mental Health Operating fund in order to set aside funds for Medicaid and Healthy Michigan Savings in accordance with the requirements of the Managed Care Specialty Services Program Contract. Funds have also been restricted for Performance Bonus Incentive Pool (PBIP) which must be used for the benefit of the public behavioral health system.

Internal Service Fund

Net position has been restricted in the internal service fund to cover the Medicaid and Healthy Michigan risk associated with Managed Care Specialty Services Program Contract.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The Entity utilizes a pooled cash concept for its funds, to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

Cash and Cash Equivalents

Michigan's statutory authority allows governmental entities to invest in the following investments:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified institution.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers' acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investments Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

A reconciliation of carrying amounts to the basic financial statements follows:

Description	Amount
Cash and cash equivalents - unrestricted	37,409,782
Cash and cash equivalents - restricted	22,097,857
Total cash and cash equivalents	59,507,639

Cash and Cash Equivalents - Restricted

The Entity has charged to MDHHS for the vested portion of compensated absences as of September 30th. The Entity holds, in a separate bank account, funds restricted for the payment of the compensated absences as they come due.

Cash and cash equivalents have been restricted in the Internal Service Fund for the expected future risk corridor requirements of the MDHHS contract.

Description	Amount
Restricted for compensated absences	321,853
Restricted for Internal Service Fund	21,776,004
Total	22,097,857

Custodial Credit Risk

In the case of deposits, this is the risk that, in the event of a bank's failure, the Entity's deposits may not be returned to it. The Entity evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution. Only those institutions with an acceptable estimated risk level are used as depositories. The Entity bank balance was \$70,104,056 and \$69,604,056 of that amount was exposed to custodial credit risk because it was uninsured by FDIC. In order to help protect these uninsured funds, the Entity's financial institution collateralized \$68,653,778 of funds with securities held by the financial institution, but the securities were not in the Entity's name.

The Entity typically remits payments to the CMHSPs within 2 business days from when the payment details are received from MDHHS. The Entity evaluated the remaining financial institutions where the remaining funds will be held and the risk of the institution has an acceptable estimated risk level and deemed appropriate. To help reduce custodial credit risk, management has chosen to have its bank collateralize certain deposits, as noted above.

NOTE 3 – ACCOUNTS RECEIVABLE

The Entity believes that the accounts receivable will be collected in full and therefore the receivable balance has not been offset by an allowance for doubtful accounts.

NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units as of September 30th consists of the following:

Description	Amount
MDHHS	12,429,961
Barry County CMH	895,924
Integrated Services of Kalamazoo	4,966,142
Pines Behavioral Health	2,070,632
Riverwood Center	612,217
St. Joseph County CMH	1,737,384
Summit Pointe	12,867,484
Van Buren County CMH	1,110,230
Woodlands Behavioral Healthcare Network	937,921
Total	37,627,895

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

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

Description	Due from Other Funds	Due to Other Funds
Mental health operating fund	-	1,604,917
Medicaid risk reserve fund	1,604,917	-
Total	1,604,917	1,604,917

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, 2022

NOTE 6 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets being depreciated					
Computers and software	796,755	-	-	-	796,755
Vehicles	28,613	-	-	-	28,613
Right to use assets	-	472,940	-	-	472,940
Total capital assets being depreciated	825,368	472,940	-	-	1,298,308
Accumulated depreciation					
Computers and software	(796,755)	-	-	-	(796,755)
Vehicles	(18,121)	(5,723)	-	-	(23,844)
Right to use assets	-	(157,647)	-	-	(157,647)
Total accumulated depreciation	(814,876)	(163,369)	-	-	(978,246)
Capital assets being depreciated, net	10,492	309,570	-	-	320,063

NOTE 7 - DUE TO OTHER GOVERNMENTAL UNITS

Due to other governmental units as of September 30th consists of the following:

Description	Amount
MDHHS	24,794,780
IPA Assessment	858,383
Barry County CMH	337,888
Integrated Services of Kalamazoo	1,935,174
Pines Behavioral Health	231,065
Riverwood Center	883,058
St. Joseph County CMH	456,003
Summit Pointe	1,179,534
Van Buren County CMH	549,971
Woodlands Behavioral Healthcare Network	342,787
Other	6,203,278
Total	37,771,921

NOTE 8 - UNEARNED REVENUE

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

Description	Amount
PA2 revenues	5,260,019
Total	5,260,019

NOTE 9 – LEASE LIABILITY

During the current fiscal year, the Entity entered into a 3-year lease agreement as lessee for the use of the Hinman building. An initial lease liability was recorded in the amount of \$472,940 during the current fiscal year. As of year-end, the value of the lease liability was \$325,485. The Entity is required to make monthly principal and interest payments of \$17,614. The lease has an interest rate of 6.00%. The value of the right-to-use asset as of the end of the current fiscal year was \$472,940 and had accumulated amortization of \$157,647. The future principal and interest lease payments as of year-end were as follows:

Fiscal Year Ended September 30,	Principal	Interest	Total
2023	156,620	15,288	171,908
2024	168,865	5,609	174,474
Total	325,485	20,897	346,382

NOTE 10 - LONG-TERM LIABILITIES

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

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Compensated absences	356,957	18,440	(53,544)	321,853	48,278
Lease liability	-	472,940	(147,455)	325,485	156,620
Total	356,957	491,380	(200,999)	647,338	204,898

NOTE 11 - NET INVESTMENT IN CAPITAL ASSETS

As of September 30th, the composition of net investment in capital assets was comprised of the following:

Net investment in capital assets	Amount
Capital assets being depreciated, net	320,063
Capital related long-term liabilities	(325,485)
Net investment in capital assets	(5,422)

NOTE 12 – RETIREMENT AND OTHER POST EMPLOYMENT BENEFIT PLANS

Defined Contribution Retirement Plan – 401(a)

Plan Description

The Entity 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 Entity's financial statements.

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

Eligibility

All employees are eligible.

Contributions

The Entity contributes a match of 50% of the employee deferral (into the 457 plan) up to the maximum of 5.0% of wages. The Entity may also make discretionary contributions.

Normal Retirement Age & Vesting

Retirement age as defined by the plan is 59 ½ years of age. Contributions are vested 33% per year and 100% vested after 3 years of vesting service (1,000 hours in a plan year). All participants are fully vested upon death, disability and retirement.

Forfeitures

Forfeitures of contributions are reallocated as an employer discretionary contribution.

For the year ended September 30th, employer contributions (net of \$0 in forfeitures) amounted to \$474,611 which includes discretionary contributions that were made during the fiscal year. The outstanding liability to the plan at year-end was \$0.

Defined Contribution Retirement Plan – Social Security Alternative

Plan Description

The primary purpose of the plan is to provide for pension contributions for participants. The plan is maintained as an alternative to the Social Security system. The plan and related trust are intended to satisfy the requirements for tax qualification as a money purchase pension plan under sections 401(a) or 403 (b) of the Internal Revenue Code as applied to governmental plans. All funds are in the participants name with the options for their investments. The investment manager is Doerschler and Associates and the third-party administrator is Beene Gartner.

Eligibility

All employees are eligible to participate, decision to participate must be made at time of hire.

Contributions

The employer and employee both contribute 6.2% each of the participant's compensation for the plan year up to the SSA annual maximum for employers. Participants are fully vested at all times.

Normal Retirement Age & Vesting

Retirement age as defined by the plan is 59 ½ years of age. All contributions are 100% vested immediately.

Forfeitures

Contributions are 100% vested immediately therefore there are no forfeitures.

For the year ended September 30th, employer contributions (net of \$0 in forfeitures) amounted to \$246,137. Employee contributions amounted to \$246,137. The outstanding liability to the plan at year-end was \$0.

Deferred Compensation Retirement Plan – 457(b)

Plan Description

The Entity offers all employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plan were held in trust, as described in IRC Section 457(b) 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 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. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the Entity's financial statements.

Plan provisions are established or amended by Board resolution. Under the plan, employees may elect to defer a portion of their wages, subject to Internal Revenue Service limits. This plan is funded solely by employee contributions.

Eligibility

All employees are eligible.

Contributions

Pre-tax employee deferrals and catch up contributions are allowed (up to maximum allowed by law). Rollovers are allowed from all participants.

Normal Retirement Age & Vesting

Retirement age as defined by the plan is 59 ½ years of age. All contributions are 100% vested immediately.

Forfeitures

Contributions are 100% vested immediately therefore there are no forfeitures.

Funding

For the year ended September 30th, contributions by employees amounted to \$444,751. The outstanding liability to the plan at year-end was \$0.

NOTE 13 - RISK MANAGEMENT

MMRMA

The Entity is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries; and natural disasters. The Entity participated in the public entity risk pool – Michigan Municipal Risk Management Authority (MMRMA) for auto and general liability, property and crime and vehicle physical damage coverage.

MMRMA, a separate legal entity, is a self-insured association organized under the laws of the State of Michigan to provide self-insurance protection against loss and risk management services to various Michigan governmental entities.

As a member of this pool, the Entity is responsible for paying all losses, including damages, loss adjustment expenses and defense costs, for each occurrence that falls within the member's self-insured retention. If a covered loss exceeds the Entity's limits, all further payments for such loss are the sole obligation of the Entity. If for any reason MMRMA's resources available to pay losses are depleted, the payment of all unpaid losses of the Entity is the sole obligation of the Entity. Settled claims have not exceeded the amount of coverage in any of the past three years.

The Entity's coverage limits are \$10,000,000 for general and public officials' liability, \$1,500,000 vehicles, and \$1,584,071 for buildings and personal property.

Medicaid Risk Reserve

The Entity covers the costs up to 105% of the annual Medicaid and Healthy Michigan contract. The Entity and MDHHS equally share the costs between 105% to 110% of the contract amounts. Costs in excess of 110% of the contract are covered entirely by MDHHS.

The Entity has established a Medicaid Risk Reserve Fund, in accordance with MDHHS guidelines, to assist in managing risk under the terms of its contract with the MDHHS.

NOTE 14 – INCURRED BUT NOT REPORTED (IBNR) LIABILITY

The Entity estimates certain provider related liabilities which include amounts for incurred inpatient, residential and community provider claims liability based on management's estimate. The Entity may not be billed for these until several months after the date of service. The actual cost may vary from the estimated amount for a variety of reasons that include, but are not limited to, retroactive consumer eligibility or cost recovery from other third party payers.

The change in the claims liability is as follows:

Southwest Michigan Behavioral Health
Notes to the Financial Statements
September 30, 2022

Fiscal Year	Beginning of Year Liability	Claims and Changes in Estimates	Claim Payments	End of Year Liability
2020	1,024,324	20,911,668	(20,911,668)	1,024,324
2021	1,024,324	23,704,875	(24,085,509)	643,690
2022	643,690	24,957,237	(25,600,927)	-

NOTE 15 – TRANSFERS

The Mental Health Fund transferred \$1,603,530 to the Medicaid Risk Reserve Fund during the year for the purpose of covering the risk related to the Medicaid Managed Care Specialty Services Program Contract.

NOTE 16 – CONTINGENT LIABILITIES

Under the terms of various federal and state grants and regulatory requirements, the Entity is subject to periodic audits of its agreements, as well as a cost settlement process under the full management contract with the regional entity and the state. 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 Entity expects such amounts, if any, to be immaterial.

NOTE 17 – ECONOMIC DEPENDENCE

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

NOTE 18 – PRIOR PERIOD ADJUSTMENT

The prior period adjustment in these financial statements consists of the following items:

Description	Amount
Impact of Barry County resubmitted FSR for FY21	(193,782)
Compliance audit adjustment that increases amount in Medicaid savings	(648,939)
Compliance audit adjustment that increases amount in Healthy Michigan savings	(340,745)
Total	(1,183,466)

NOTE 19 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended September 30, 2022, the Entity implemented the following new pronouncement: GASB Statement No. 87, *Leases*.

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

NOTE 20 - UPCOMING ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 96, *Subscription-based Information Technology Arrangements*, was issued by the GASB in May 2020 and will be effective for the Entity's fiscal year ending September 30, 2023. This Statement provides

guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

GASB Statement No. 101, *Compensated Absences*, was issued by the GASB in June 2022 and will be effective for the Entity's fiscal year September 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.



**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

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

We have audited, in accordance with the 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, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Southwest Michigan Behavioral Health (the Entity), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Entity's basic financial statements, and have issued our report thereon dated March 29, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Entity's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Entity's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

Roslund, Prestage & Company, P.C.

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

March 29, 2023



Communication with Those Charged with Governance at the Conclusion of the Audit

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

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Southwest Michigan Behavioral Health (the Entity), for the year ended September 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you during planning. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Entity are described in the notes to the financial statements. The Entity changed accounting policies related to leases by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 87 Leases. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Note 19 - Change In Accounting Principle. We noted no transactions entered into by the Entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Entity's financial statements were:

Management's estimate of the payout of employee compensated absences is based on expected payout. We evaluated the key factors and assumptions used to develop the balance of compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's allocation of current and noncurrent compensated absences is based on an estimate of the percentage of employee's use of compensated absences.

Management's estimated lives of capital assets are based on the expected life of the asset. We evaluated the key factors and assumptions used to develop the estimated lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimated incremental borrowing rate used to discount future lease payments under GASB 87 is based on the entity's current borrowing rate. We evaluated the key factors and assumptions used to develop the estimated intrinsic borrowing rate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimated IBNR liability is based on historical data adjusted for payment patterns, cost trends, service and benefit mixes, seasonality, utilization of health care services, internal processing changes, the amount of time it took to pay claims from prior periods, changes in the past few months in the claims adjudication procedures, changes in benefits, events that would lead to excessive claims, large increases or decreases in membership, and other relevant factors.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Entity's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board and management of the Entity and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,



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



**Southwest Michigan Behavioral Health
Financial Statements
September 30, 2022**

SOUTHWEST MICHIGAN BEHAVIORAL HEALTH OPERATING AGREEMENT

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PURPOSE

Pursuant to Michigan Law, an Operating Agreement is “an agreement among an organization’s participant members to govern the organization’s business, and the participant member’s financial and managerial rights and duties.” (MCL 450.4102(2)(r)).

Southwest Michigan Behavioral Health (SWMBH) Operating Agreement is established between SWMBH and its participant Community Mental Health Services Programs (CMHSPs). The Operating Agreement is approved by the regional SWMBH Board, which has as its membership representatives from each of the participant CMHSP Boards.

The primary purposes of this Operating Agreement are to:

- Declare that the Regional Entity is a separate legal entity from the participant CMHSP organizations;
- Augment specific sections of the SWMBH Bylaws, as referenced therein;
- Further define the governance and management structure of SWMBH that the participant CMHSPs have chosen for the organization;
- Clarify the business and operational relationships between SWMBH and its participant CMHSPs; and
- Clarify the provisions and understandings by which SWMHB will operate.

PREAMBLE

Southwest Michigan Behavioral Health (hereinafter referred to as “SWMBH”) is a Regional Entity created pursuant to MCL 330.1204b of the Michigan Mental Health Code, 1974 PA 258. A Regional Entity is an independent public governmental entity, and is separate from the counties, authorities, or organizations that establish it. SWMBH operates under the authority of its own Board of Directors (the “SWMBH Board”), which consists of membership from each of the participant CMHSP boards, as delineated in the SWMBH Regional Entity Bylaws.

SWMBH was created with the filing of its Bylaws with Michigan’s Office of the Great Seal. These Bylaws were approved by the following participant Community Mental Health Services Programs, which are organized and operated as community mental health authorities under Michigan’s Mental Health Code (MCL 330.1001 et seq.)

- Barry County Community Mental Health Authority;
- Berrien Mental Health Authority d/b/a Riverwood Center;
- Branch County Community Mental Health Authority, d/b/a Pines Behavioral Health Services;
- Calhoun County Community Mental Health Authority; d/b/a Summit Pointe;
- Cass County Community Mental Health Authority d/b/a Woodlands Behavioral Healthcare Network;
- Kalamazoo County Community Mental Health Authority, d/b/a/ Integrated Services of Kalamazoo;
- Community Mental Health and Substance Abuse Services of Saint Joseph County d/b/a Pivotal; and
- Van Buren Community Mental Health Authority.

As the Bylaws reference the Operating Agreement and require an annual review of this Operating

Agreement with revisions subject to approval by the SWMBH Board, the Operating Agreement will be filed by SWMBH with each County Clerk and the Office of the Great Seal when revisions occur.

SWMBH designated service area encompasses the following Michigan counties: Barry, Berrien, Branch, Calhoun, Cass, Kalamazoo, St. Joseph, and Van Buren. These counties are hereinafter known as the “Service Area” of SWMBH.

SWMBH was formed for the purpose of:

- (i) carrying out the provisions of the Mental Health Code in its Department designated service area as they relate to: serving as a prepaid inpatient health plan, as defined in 42 CFR 438.2 (“PIHP”);
- (ii) managing the business lines for which SWMBH is the contractor to Michigan Department of Health and Human Services (MDHHS);
- (iii) ensuring a comprehensive array of services and supports as provided in the contracts with MDHHS;
- (iv) performing all the duties and responsibilities contained in the Department/Regional Entity Contract;
- (v) Substance Abuse Coordinating Agency (CA) required functions for its service area, pursuant to MCL 333.6230 et seq. (PA 501 of 2012; Amendments to Public Health Code), and MCL 330.1100a et seq. (PA 500 of 2012, Mental Health Code);
- (vi) contractual participation in the Department’s MI Health Link (MiHL) demonstration project for its service area, serving persons with behavioral health needs who have both Medicare and Medicaid coverage; and finally
- (vii) exercising the powers and authority set forth by the Bylaws and governed by the SWMBH Board.

OPERATIONAL STRUCTURE

The aforementioned eight Community Mental Health Services Programs (the “Participants”) have joined together to create a jointly governed regional entity operating as a Prepaid Inpatient Health Plan (“PIHP”) for the purpose of supporting and furthering the work of the Participants in their roles as Community Mental Health Service Programs (“CMHSPs”) as applicable in the counties they serve.

Inherent in this action is the belief that the Participants are best suited to provide services well matched to the needs of the communities and citizens served. SWMBH is established for the purpose of meeting its regulatory and statutory requirements, and other services as mutually agreed, while not encumbering, but enhancing, the efforts of the Participant CMHSPs. In serving and representing the counties of Barry, Berrien, Branch, Cass, Calhoun, Kalamazoo, Saint Joseph, Van Buren, SWMBH shall be dedicated to ensuring that equality in voice and governance exists, and that the benefit to the person participating in services is uniform, person centered, and locally available.

SWMBH is founded on a shared governance structure, using standing committees to create avenues for input. Certain checks and balances are created to ensure that governance remains balanced and equal.

SWMBH exists to support all Participants, and all Participants must work collaboratively to ensure that SWMBH is successful in its core mission.

The SWMBH Board has final authority over governing SWMBH, as set forth in the Bylaws approved by the Participants and subject to those powers reserved to the Participants in the Bylaws. This Operating Agreement reinforces the responsibility for governance of the Regional Entity to the SWMBH Board, and management of the Regional Entity to its Executive Officer (EO).

The SWMBH Board will be best served by an EO who is an accomplished administrator and facilitator, capable of bringing many and varied voices together to achieve consensus. The EO must promote compliance, fiscal responsibility, quality programs, meaningful outcomes, and efficiencies that will funnel more resources to direct services. The SWMBH Board shall also be advised by an Operations Committee that brings management expertise, local perspectives, local needs, and greater vision to the operation of the PIHP.

ORGANIZATION

Formation and Qualification. SWMBH has been formed by the Participants pursuant to the authority granted under the Michigan Mental Health Code, MCL § 330.1204b and by filing Bylaws with the County Clerks of each of the eight counties and the Michigan Secretary of State, Office of the Great Seal.

Name. The business of SWMBH may be conducted under that name or, in compliance with applicable laws, any other name that the SWMBH Board deems appropriate or advisable. SWMBH shall file any certificates, articles, fictitious business name statements and the like, and any amendments and supplements thereto, as SWMBH considers appropriate or advisable.

Office. The principal office of SWMBH shall be at such place or places of business within the eight counties as the SWMBH Executive Officer may determine.

SCOPE AND AUTHORITY

The intention of this Operating Agreement is to provide a paradigm for decision-making, and a structure for effective communication among members of the SWMBH Board, the Participants, SWMBH administration and, potentially, provider representatives, persons in service, SWMBH staff, and stakeholders, that is inclusive, collegial, equal and responsive.

The Operations Committee participates meaningfully in the establishment of and alignment to regional, SWMBH, and common CMHSPs goals.

- **Meetings.** The Operations Committee shall meet as often as it deems necessary in order to perform its responsibilities. The Operations Committee may also meet by video and phone options and may act by unanimous written consent via e-mail in lieu of a meeting. Records of Operations Committee Meetings shall be kept.

- Annual Self-Evaluation. At least annually, the Operations Committee shall evaluate its own performance, and provide recommendations and conclusions to the Board.
- Standing Committees and Subcommittees. The Operations Committee may form and delegate authority to one or more Standing Committees made up of CEOs, or it may form self-populated subcommittees or workgroups as it deems appropriate from time to time under the circumstances. Such efforts will avoid duplication or role confusion.

SWMBH BOARD COMMITTEES AND OVERSIGHT BOARDS

Pursuant to the SWMBH Bylaws, the SWMBH Board shall create the following Committees or Oversight Boards:

- Operations Committee;

Operations Committee

“An Operations Committee will be formed consisting of the CEOs of the CMHSPs or their designees. The Operations Committee will have the responsibilities and authorities assigned by the Board and outlined in the Operating Agreement.” (*SWMBH Bylaws 5.1.1*)

The SWMBH Operations Committee is comprised of the Participant CEOs/Executive Directors, or their designees, and the SWMBH EO. The SWMBH EO participates in an ex-officio capacity without vote. The Operations Committee, in collaboration with the EO and SWMBH Board, participates in the development of the vision, mission and long-term plans of SWMBH. The Operations Committee, in a manner consistent with SWMBH Board directives, contributes to the hiring and evaluation process of the EO. The EO, in concert with the Operations Committee, develops and recommends priorities for the SWMBH Board’s consideration and makes recommendations to the SWMBH Board with respect to policy and fiscal matters. The EO collaborates with the Operations Committee in the development of the contracts between the Participants and SWMBH. Each CMHSP CEO is charged with assuring that its CMHSP complies with applicable federal and state standards and regulations. The Operations Committee is advisory to both the EO and SWMBH Board. Any items requiring approval from the Operations Committee requires a super majority (75% of present members) vote.

The Operations Committee shall function with a large degree of independence in the discharge of its responsibilities. The Operations Committee shall assess the information provided by the SWMBH management, in accordance with its business judgment; and will work in collaborative partnership with the SWMBH Executive Officer (EO) in carrying-out its responsibilities, and in the provision of advice and recommendations to the Board.

Operations Committee Responsibilities and Authorities

The Operations Committee and the individual CMHSP CEOs/Executive Directors will work actively and constructively to:

- A. Assure Participant CMHSP and community awareness of and alignment to SWMBH approved contracts, Participant subcontracts and related Plans, Policy and Procedures.
- B. Assure its CMHSP personnel are constructively involved in SWMBH Committees and

related activities.

- C. Contribute to SWMBH and Participant CMHSP environmental awareness and SWMBH regional planning activities, including but not limited to strategic planning, Mission development, operational and capital budgeting, growth, infrastructure, products and markets.
- D. Seek to resolve boundary issues, differences and disputes.
- E. On an ongoing basis consider possible administrative efficiencies where appropriate (Bylaws 11.2).

As listed throughout the Operating Agreement the Operations Committee does the following:

- A. Advises both the EO and SWMBH Board.
- B. Participates in the development of the vision, mission, and long-term plans of SWMBH and ensures alignment with common CMHSP goals.
- C. Reviews the annual operating and capital budget, Financial Management Plan, Cost Allocation Plan and Financial Risk Management Plan prior to presentation and approval by the SWMBH Board.
- D. Reviews the Quality Assurance and Program Improvement Program (QAPIP) prior to presentation and approval by the SWMBH Board.
- E. Reviews the Utilization Management Program (UM Plan) prior to implementation and/or presentation to the SWMBH Board.
- F. Advises the EO in advance of, and throughout, engaging in any meaningful discussion with other entities that may impact the operations or decision of participants' CMHSP or SWMBH.
- G. Attempts to resolve disputes between the Participants or one or more Participants and SWMBH at step 2 in the formal Dispute Resolution process.
- H. Assists the SWMBH Board in hiring and retention decisions regarding the SWMBH EO in a manner consistent with Board policy, and as requested.
- I. Responds to the EO's consultation before the EO renders a formal policy interpretation that may materially or negatively affect the Participants - where feasible.
- J. Reviews all grant applications submitted on behalf of SWMBH prior to being submitted.
- K. Responds to the EO's consultation before the EO determines what functions remain with SWMBH and which can be delegated to the Participants consistent with the Balanced Budget Act. Medicaid Managed Care Regulations.
- L. Advises the EO regarding any additional SWMBH contractual arrangements that involve the Participants.
- M. Provides a recommendation to the SWMBH Governing Board regarding any additional SWMBH contractual arrangements that involve the Participants and/or other vendors and requires approval by the SWMBH Governing Board.
- N. Where appropriate, reviews and comments on agendas, materials, and minutes of the Substance Use Disorder Oversight Policy Board (SUDOPB).

OPERATIONAL COMMITTEES AND POLICY BOARD COMMITTEES

SWMBH POLICY BOARDS AND COMMITTEES

Substance Use Disorder Oversight Policy Board is established to assist SWMBH develop and sustain a comprehensive array of prevention programs, treatment and other services and a provider network

capable of meeting the needs of persons with substance use disorders. SWMBH has executed an Intergovernmental Contract with 8 county commissions. This contract and related statutes and regulations shall guide the responsibilities of the SUD Oversight Policy Board. The Substance Use Disorder Oversight Policy Board will be constituted as required under MCL 330.1100a et seq. (PA 500 of 2012; Mental Health Code) and shall advise the SWMBH on issues concerning services to persons with substance use disorders. The functions and responsibilities assigned to the Board under law will include:

- A. Approval of that portion of SWMBH budget that includes local funds (PA2) for treatment or prevention of substance use disorders;
- B. Advice and recommendations regarding SWMBH budget for substance use disorder treatment or prevention using other nonlocal funding sources;
- C. Advice and recommendations regarding contracts with substance use disorder treatment or prevention providers;
- D. Other functions and responsibilities requested by SWMBH and accepted by amending Intergovernmental Contract.

Customer Advisory Committee (CAC) is established to advise SWMBH. The CAC is comprised of active or former customers, and may also include family members. Membership will include at least two but not more than three representatives from each county, nominated by Participants and other sources, recommended by the SWMBH EO, and appointed by the SWMBH Board, unless otherwise required by contract or regulation. Representatives will reflect the SWMBH population served and include those living with developmental disabilities, mental illness, serious emotional disturbance, and substance use disorders.

SWMBH Corporate Compliance Committee is established to develop the Compliance Plan for SWMBH Board approval and assist in implementing Program Integrity/Compliance Program of SWMBH. Committee members will include the SWMBH key functional areas such as Compliance, Utilization Management, Quality Management, Information Technologies, Finance, etc. as appointed by the EO. The Corporate Compliance Officer has a dual reporting relationship with the EO and the SWMBH Board. The Operations Committee will appoint a member to the SWMBH Compliance Committee.

SWMBH Standing Committees

Standing Operating Committees of SWMBH are:

- Finance Committee
- Quality Management Committee
- Utilization Management Committee
- Clinical Practices Committee
- Provider Network Management Committee
- Regional Information Technology Committee
- Customer Services Committee
- Regional Compliance Coordinating Committee

The CMHSP CEOs will ensure representatives from participant CMHSPs on all SWMBH Standing Committees. Each Participant CMHSP shall identify their representative to each committee. The EO with CMHSP support and involvement will actively pursue customer representation on standing committees. Committee work plans and goals shall be reviewed by the Operations Committee annually

and in the event of changes to ensure alignment with SWMBH and common CMHSP goals. At its discretion, the Operations Committee may request an in-depth committee report or update.

Finance Committee is established to advise the EO and is comprised of the SWMBH Fiscal Officer and participant CMHSP Fiscal Officer or Finance Director, as appointed by the Participant CEOs/Executive Directors. The Finance Committee will be charged with advising the EO and SWMBH CFO in the development of the annual operating and capital budget; Financial Management Plan, Cost Allocation Plan, and Financial Risk Management Plan, for review by the SWMBH Operating Committee prior to presentation and approval by the SWMBH Board.

Quality Management Committee is established to advise the EO and is comprised of both SWMBH QAPI leader and Participant CMHSP QM staff. The Quality Management Committee will be charged with advising the EO and SWMBH QAPI Director in the development of the Quality Assurance and Program Improvement Program (QAPIP), for review by the SWMBH Operating Committee prior to presentation and approval by the SWMBH Board.

Utilization Management Committee is established to advise the EO and is comprised of both SWMBH Clinical leader and Participant CMHSP UM staff. The UM Committee will be charged with advising the EO and the SWMBH staff in the development of the Utilization Management Program (UM Plan) for review by the SWMBH Operations Committee prior to implementation, and/or presentation to the SWMBH Board.

Clinical Practices Committee is established to advise the EO and is comprised of both SWMBH Clinical leader and Participant CMHSP clinical staff. The CP Committee will be charged with advising the EO and the SWMBH staff in the development of the Clinical Practices Program for review by the SWMBH Operations Committee prior to implementation, and/or presentation to the SWMBH Board.

Provider Network Management Committee is established to advise the EO and is comprised of both SWMBH Provider Network Manager Leader and Participant CMHSP PNM staff, as appointed by the Participant CEOs/Executive Directors.

Regional Information Technology Committee is established to advise the EO and is comprised of both SWMBH CIO and Participant CMHSP IS/IT staff, as appointed by the Participant CEOs/Executive Directors.

Customer Services Committee is established to advise the EO and is comprised of both SWMBH staff and Participant CMHSP CS leader, as appointed by the Participant CEOs/Executive Directors.

Regional Compliance Coordinating Committee consists of both SWMBH Chief Compliance Officer and CMHSP Compliance Officers as appointed by the Participant CEOs/Executive Directors. It is established to insure sharing of Compliance knowledge and best practice among the participants.

Each Committee shall have a Charter, subject to review by the Operations Committee. Periodic Operations Committee reviews of Committee Charters at the direction of the Operations Committee and SWMBH EO.

Responsibilities of SWMBH and Participants Regarding the Participants and Committees

SWMBH EO and the Participant CMHSP CEOs/Executive Directors shall mutually assure communication and collaboration including but not limited to:

- A. Provide all parties, in a timely manner, copies of correspondence of a substantive nature to allow full consideration and deliberation prior to being called on to take action on such items. This includes but is not limited to: 1) policy, 2) contracts, 3) funding, 4) State and federal mandates, 5) items requiring a parties action and 6) legislative initiatives;
- B. Provide all parties with copies of minutes from meetings attended by staff as representatives of SWMBH, and provide timely reports to the Operations Committee, as requested;
- C. It is the intent of the parties to operate an efficient and well managed organization, keeping cost reasonable, thus allowing a maximum flow of funding for services. To this end all parties will share in representing the SWMBH at State level meetings and on committees at the regional, State, federal, and any association levels. Only those authorized to do so by the EO may speak on behalf of SWMBH, and those representing SWMBH are to provide a written summary or minutes of the proceedings. Determination of SWMBH representation, if other than SWMBH staff appointed by the EO, at standing statewide PIHP committees or meetings will be discussed by the Operations Committee;
- D. Provide timely and accurate financial reports, with detail at the level necessary to allow the Participant CEOs/Executive Directors to have a full understanding of fiscal operations and status of SWMBH matters;
- E. Provide data to all parties Boards in a complete and timely manner, and provide additional reasonable detail as requested by the Participants;
- F. Contribute to SWMBH and Participant CMHSPs environmental awareness and SWMBH regional planning activities, including but not limited to strategic planning, Mission development, operational and capital budgeting, growth, infrastructure, products and markets;
- G. Advise the Operations Committee in advance of engaging in any meaningful discussion with other entities that may impact the operations or decision of CMHSPs; and
- H. Establish and sustain a regular schedule for standing committee meetings and arrange for appropriate space and clerical support.

DISPUTE RESOLUTION PROCESS

“The manner for adjudicating a dispute or disagreement among Participants shall be set forth in an Operating Agreement, approved by the Regional Entity Board and incorporated herein by reference.”
(SWMBH Bylaws 3.6)

Occasionally disputes may arise that cannot be resolved through amiable discussion. Any unresolved disputes between the Participants or one or more Participant and SWMBH will be resolved as follows:

- 1. The Participant CMHSP CEOs/Executive Directors will attempt to resolve the dispute through discussion with each other, or the SWMBH EO if the dispute is with SWMBH.
- 2. If the dispute remains unresolved, the Participant CMHSP CEOs/Executive Directors, or the SWMBH EO if the dispute is with SWMBH, will bring the matter to the Operations Committee no later than its next scheduled meeting, which will discuss the matter and render a decision within fifteen (15) calendar days of the meeting, or within agreed upon timeframe by involved parties.
- 3. If the dispute continues to be unresolved to the satisfaction of the Participant/s or SWMBH, all parties to the dispute will provide written descriptions of the issue in dispute and propose a solution to the SWMBH Board within fifteen (15) calendar days or within agreed upon timeframe by involved parties. The SWMBH Board will have thirty (30) calendar days or a

mutually agreed upon timeframe to provide a written decision.

4. If the Participant/s or SWMBH remain dissatisfied, the Participant/s or SWMBH may seek mediation, arbitration or legal recourse as provided by PIHP-CMHSP contract and law.
5. Participant sub-contracts will include a Dispute Resolution section congruous with this approach.

OPERATION OF SWMBH

A. Budget

The Finance Committee is charged with advising the EO and SWMBH CFO in the development of the regional annual operating and capital budget; Financial Management Plan, Cost Allocation Plan, and Financial Risk Management Plan, for review by the SWMBH Operating Committee prior to presentation and approval by the SWMBH Board as applicable.

From these plans, annual operating and capital budgets will be developed. The Participants play an integral part in the budget development via its representatives on the SWMBH Finance Committee.

Annual operating and capital budgets will be developed in accordance with the principles outlined in SWMBH Financial Management and Financial Risk Management Plan and Cost Allocation Plans which are incorporated herein by reference and considered a part of this Operating Agreement. The annual operating and capital budgets will be reviewed by the Operations Committee prior to presentation to the SWMBH Board.

The annual operating budget shall plan for adequate funds for projected supports and services to beneficiaries. Budgeting shall consider Participant CMHSPs needs for capital and operating costs, payments of principal and interest on obligations; prudent risk management; reinvestment of Medicaid savings to ensure benefit stabilization; Participant CMHSPs meeting local match obligations for Medicaid; equitable distribution of any surplus funds available after the completion of the Regional Entity's purpose, and operations efficiency and effectiveness across the region.

The SWMBH CFO and Finance Committee may recommend to the EO potential areas where functional consolidation and administrative efficiencies may be achieved. These in turn will be considered by the EO and the Operations Committee. After thorough review, a proposal may be presented to the SWMBH Board for approval if necessary.

Purchase of Services (POS)

Participant CMHSPs singly or in groups may purchase services from SWMBH. Such arrangements shall be documented in writing with mutual agreement as to specification and pricing.

Where there is a POS agreement between SWMBH and one or more Participants, only those Participants who are a party to the agreement will be subject to the terms and conditions of the agreement. Cost associated with any agreements shall be managed between SWMBH and applicable Participants, subject to request for review by the Operations Committee.

Nothing shall prohibit a Participant from withdrawing from an agreement established with SWMBH to provide a service on behalf of the Participant. However, the Participant, once a party to an agreement, will be bound by that agreement and may withdraw only according to the terms of the agreement.

The SWMBH CFO and Finance Committee will establish a financial management system sufficient to monitor revenues and expenditures by funding source (Medicaid, HMP, General Fund, etc.) and the Participants. 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. The SWMBH CFO has the responsibilities set forth in MCL § 330.1204b and will be responsible for receiving, depositing, investing, and disbursing SWMBH's funds in the manner authorized by SWMBH Bylaws, Board policy, and operational policy.

B. Planning

The SWMBH Board, in collaboration with the Operations Committee and the EO, will develop and publish a mission statement and vision statement consistent with the principles of SWMBH.

Per Board directive the EO will facilitate a planning session, involving the SWMBH Board and the Operations Committee to create, update, or modify the Long-Term Plan of SWMBH. The process will allow for broad input and is intended to meet all contractual and accreditation requirements. The SWMBH Board will approve the Long-term Plan prior to its publication.

C. Compliance

All parties recognize that SWMBH is a regional entity, and holds distinct and different legal status and responsibilities than the Participants. SWMBH is the Department designated PIHP and CA Office for the Southwest Michigan service area.

Throughout the implementation of this Operating Agreement, all parties enter into this arrangement in a spirit of good faith and cooperation. All parties recognize that SWMBH may need to, at the discretion and with the advanced approval of the SWMBH EO and his/her designee, conduct random audits and/or reviews of the Participants. Such activity would occur with timely notice to the Participant CEOs/Executive Directors and Participant Compliance Officer to communicate rationale for the review and findings. The Participants acknowledge that SWMBH is responsible for ensuring that covered services and administrative services furnished by and through the Participants are furnished and compensated in accordance with applicable laws and regulations. Accordingly, on behalf of itself and its providers, the Participants acknowledge that SWMBH has the right, responsibility and authority:

1. To detect and deter compliance violations by the Participants and their providers by any lawful means, including monitoring and announced audits; and
2. In conjunction with the Participant CMHSPs Compliance Officer to independently investigate alleged or suspected compliance violations by the Participants, a network provider, or an employee, owner, or governing body members of either.

The Participants acknowledge their obligation to submit all requested financial and quality data and reports within the timelines as found in subcontracts, MDHHS directives or as agreed upon. Should a Participant CMHSPs not submit requested financial and quality data and reports in a complete, valid and timely manner, SWMBH will be empowered to take corrective action, including agreed upon sanctions, in accordance with the terms of the SWMBH/CMHSP Contract.

D. Human Resources

SWMBH will directly employ the EO, CFO, and CIO. The Operations Committee may recommend to the SWMBH EO the use of other hired staff, or the use of a contract to secure other established positions as required.

The SWMBH EO shall appoint, or contract with, an individual or an organization to perform Human Resources functions.

The employee handbook of SWMBH shall be made available upon request to the Operations Committee.

The SWMBH Board has sole responsibility for all hiring and retention decisions regarding the SWMBH EO. The Operations Committee shall assist the SWMBH Board in this process as requested. This may include screening candidates to ensure the SWMBH Board receives only qualified applicants to consider and participation in the interview and evaluation process

E. Policy Development

The SWMBH EO, making full use of the Operations committee and standing committees, shall develop policies, exclusive of SWMBH internal operational policies.

The SWMBH EO shall consult with the Operations Committee before rendering a formal policy interpretation that may materially or negatively affect the Participants where feasible.

F. Contracts

SWMBH shall contract with the Participants as its CMHSP providers.

SWMBH, consistent with regulatory requirements and funds availability may consider with review from Operations Committee providing Participants with pilot or startup funding. Nothing other than federal or state statutory or regulatory prohibition should inhibit or prohibit a Participant CMHSPs from participating in opportunities to provide integrated and accountable care to serve the Medicaid population in its CMHSP catchment area provided that they are consistent with SWMBH policies, financial plan, financial risk management plan and cost allocation plan.

Consistent with the SWMBH mission, vision, and principles, all grant applications submitted on behalf of SWMBH must be reviewed by the Operations Committee prior to being submitted. This may necessitate review outside the regularly scheduled Operations Committee meetings due to funding application grant timelines.

The SWMBH EO shall, in consultation with Operations Committee, determine what functions remain with SWMBH and which can be delegated to the Participants consistent with the Medicaid Managed Care Rules.

The Operating Committee shall be consulted regarding significant contract arrangements that involve SWMBH and Participant CMHSPs. Nothing herein prohibits the participant CMHSPs from entering into opportunities at the local level to provide services.

“2.4.1 The Regional Entity shall have no powers, rights or authority with respect to:

- the Participants’ obligations under the Mental Health Code including those related to size,

composition, and authority of the Participants' Board;

- the Participants' autonomous administrative, financial, or clinical operations; or
- the Participants' relationship with other providers unless the Regional Entity's involvement is so limited that it does not prevent the Participant from collaborating with other providers."

(SWMBH Bylaws 2.4)

AMENDMENTS

This Operating Agreement shall be reviewed and an Operations Committee Self-Evaluation shall be performed by the Operations Committee on an annual basis, with a report to the Board on both. Any recommended changes to the Operating Agreement will be forwarded to the SWMBH Board for consideration. All revisions or amendments to the Operating Agreement shall be in writing and formally approved by the SWMBH Board.



2023 Operations Committee Self-Evaluation Summary

Board Report

June 9, 2023

Operations Committee Self Evaluation Summary Report



Scoring Logic:

- Each question is scored on a 1-5 point scale based on the response answer.
 - **Strongly agree** = 5pts.
 - **Agree** = 4pts.
 - **Neither Agree or Disagree** = 3pts
 - **Disagree** = 2pts
 - **Strongly Disagree** = 0pts.

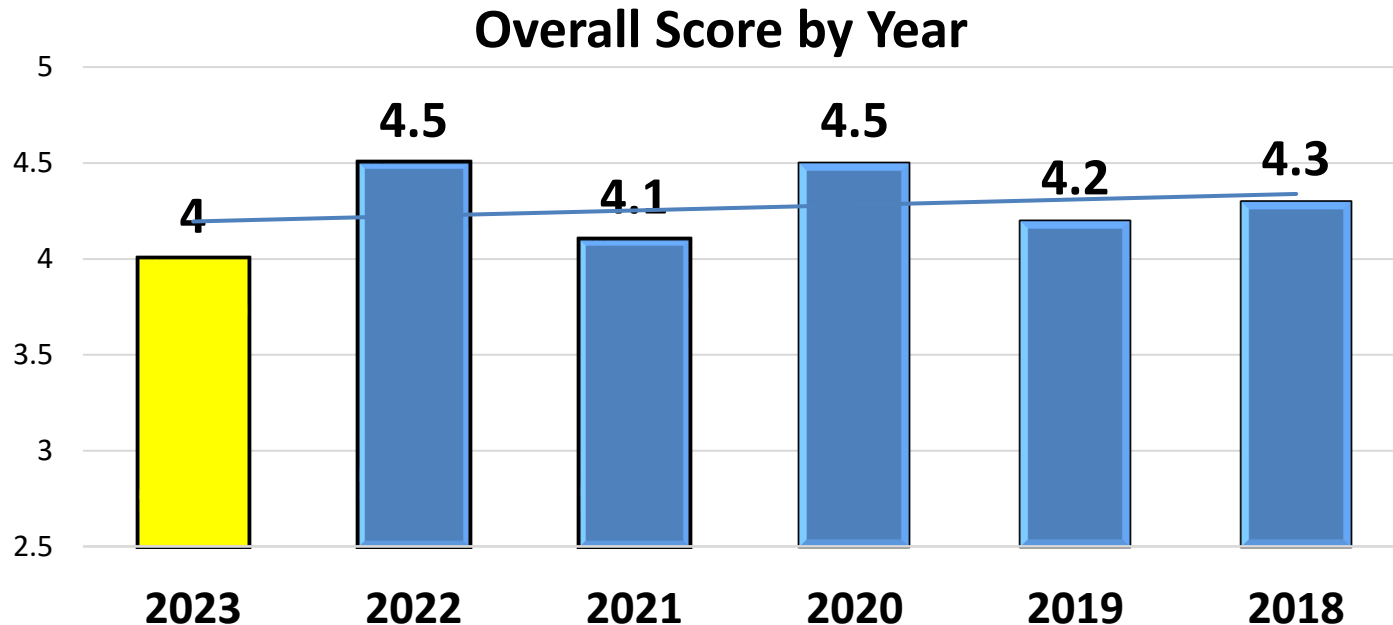
In-Agreement Logic:

- The In-Agreement percentage is based on the total percentage of response who selected “*Strongly Agree*” or “*Agree*” for each question. If all (9) response selected “*Strongly Agree*” or “*Agree*” for a question, the In-Agreement rate would be 100%.

Operations Committee Self Evaluation Summary Report



The overall average score is shown below, as well as a comparison of the previous years overall score. The 2023 survey observed an average score of (4.0), which is a half point decrease in overall score in comparison to the 2022 survey results. Operations Committee has begun conversations about the results and remediations.



The overall Average “In Agreement Percentage” was 81%

Southwest Michigan

BEHAVIORAL HEALTH

Board Retreat Meeting Minutes May 12, 2023 - 9:30am - 3:00 pm Draft: 5/15/23

Members Present: Tom Schmelzer, Ruth Perino, Carol Naccarato, Louie Csokasy, Edward Meny

Members Absent: Susan Barnes, Erik Krogh, Sherii Sherban

Guests Present: Bradley Casemore, Executive Officer, SWMBH; Michelle Jacobs, Senior Operations Specialist & Rights Advisor, SWMBH; Anne Wickham, Chief Administrative Officer, SWMBH; Alena Lacey, Director of Clinical Quality, SWMBH; Garyl Guidry, Chief Financial Officer, SWMBH; Richard Thiemkey, Barry County CMH; Jeannie Goodrich, Summit Pointe; Jon Houtz, Board Alternate for Pines Behavioral Health; Cathi Abbs, Board Alternate for Pivotal; Nancy Johnson, Board Alternate for Riverwood Center; Ric Compton, Riverwood Center; Cameron Bullock, Pivotal; Sue Germann, Pines Behavioral Health; Junelle Hicks, Consumer Advisory Committee Chair; Jennifer Leigh, Consumer Advisory Committee Vice-Chair; Geoff Sherman, IT Analyst, SWMBH

Welcome Guests

Brad Casemore welcomed attendees, introductions were made.

Susan Radwan, Leading Edge Mentoring-Policy Governance Consultant

Susan Radwan presented to the Board as documented in her PowerPoint slides. Discussion and Q&A followed.

Major Areas of Discussion were:

- Orientation to Policy Governance
- 10 Policy Governance Principles
- Importance of Ownership
- Governance Position and Role
- Board Structure
- Board Policy, Interpretation and Monitoring Development
- Board Ends Development
- Board Delegation

Jay Rosen, CEO-Health Management Associates

Jay Rosen presented to the Board as documented in his PowerPoint slides. Discussion and Q&A followed.

Major Areas of Discussion were:

- The Evolution of Medicaid
- Medicaid Fundamentals
- The Role of Medicaid
- The Economics of Medicaid
- Impact of Changes in Medicaid
- Four Themes for the Future: Accountability, Payment Reform, Complex Members, Delivery System Improvement

Brad Casemore reviewed next steps including management working with Susan Radwan to enhance content, process and format of Board materials.

Adjourn - Meeting was adjourned at 3:00pm

DRAFT

Policy Governance Retreat Summary

Ownership of SWMBH rests with each CMH Authority governed by the CMH Board which has appointed you to the SWMBH Board. Thus, you are intended to be the informed voice and agent on behalf of the eight CMH owners.

Susan Radwan

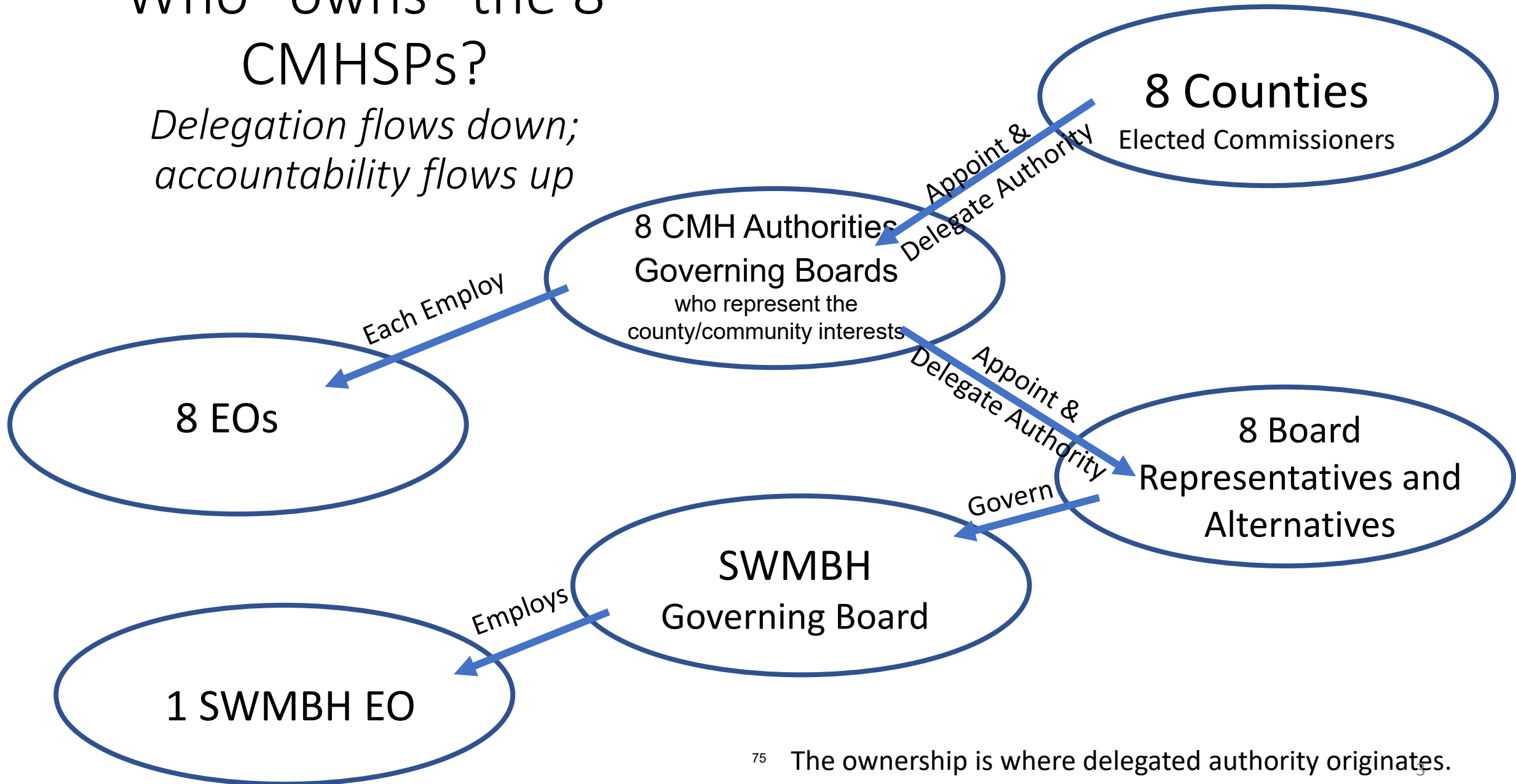
June 9, 2023

What is SWMBH?

- A Regional Entity, a separate governmental entity created by 8 CMHSPs under MHC 330.1204b to fulfill separate and distinct regional roles and functions as
 - A state designated Community Mental Health Entity (CMHE) with multiple statutory roles and functions related to substance use disorder prevention and treatment.
 - A Prepaid Inpatient Health Plan (PIHP) under contract to MDHHS.
- What if SWMBH lost its state designation as CMHE and/or its PIHP contract?
 - SWMBH would still exist as a Regional Entity.
 - It would have remaining closeout and ongoing obligations but far less.
 - The SWMBH Board would still exist and handle closeout issues.
 - The CMHSP Board owners would presumably then determine the continued existence, or not, of SWMBH.

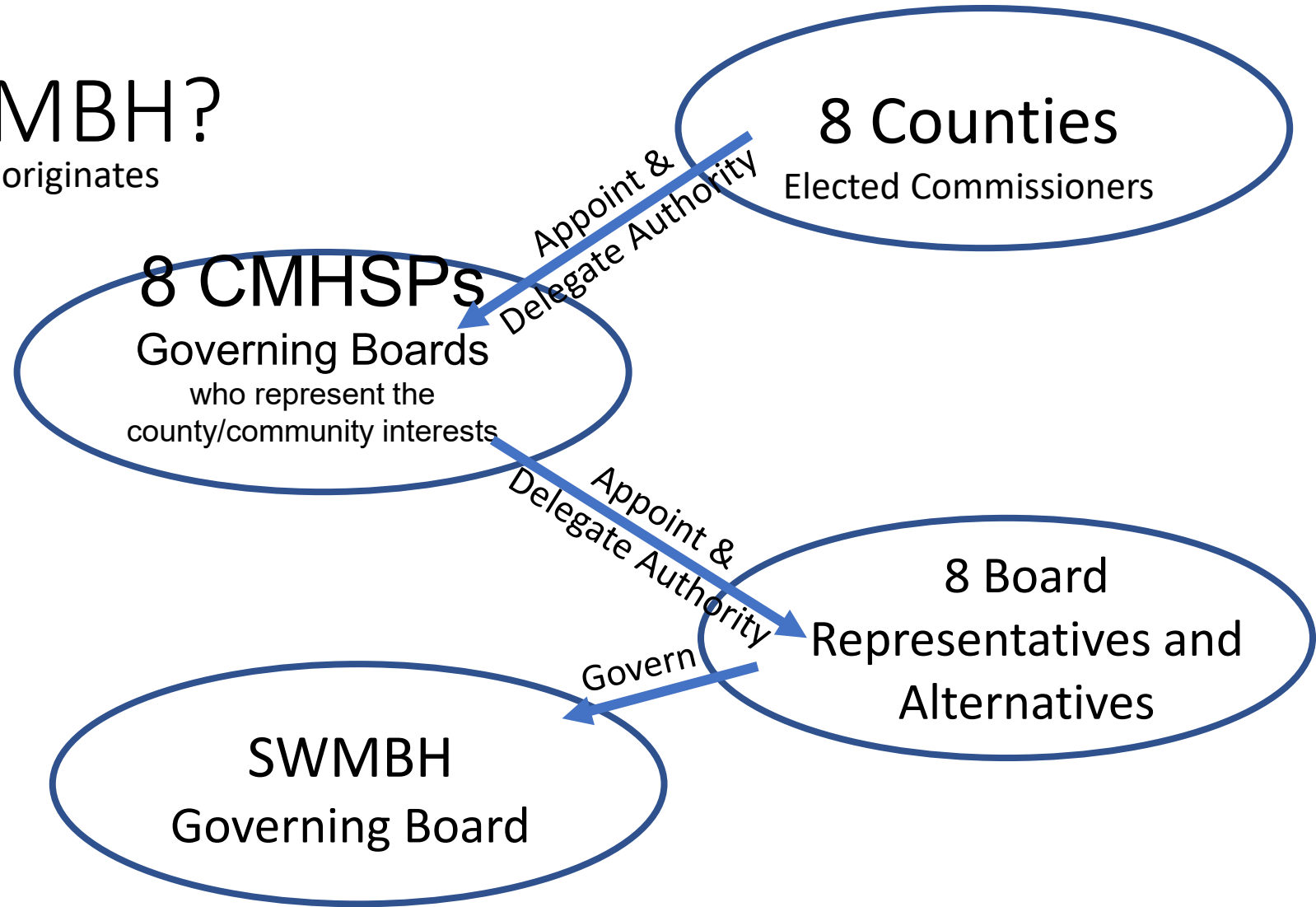
Who “owns” the 8 CMHSPs?

*Delegation flows down;
accountability flows up*



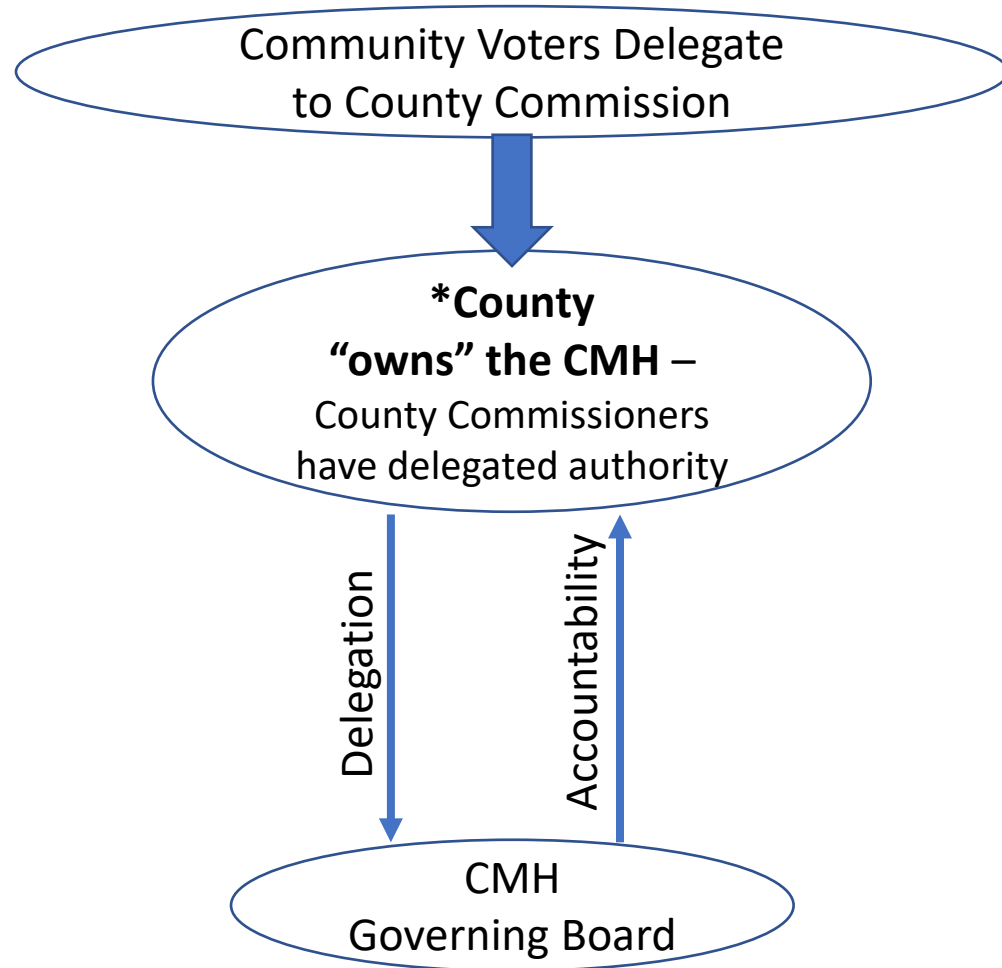
Who “owns” SWMBH?

Ownership is where delegated authority originates

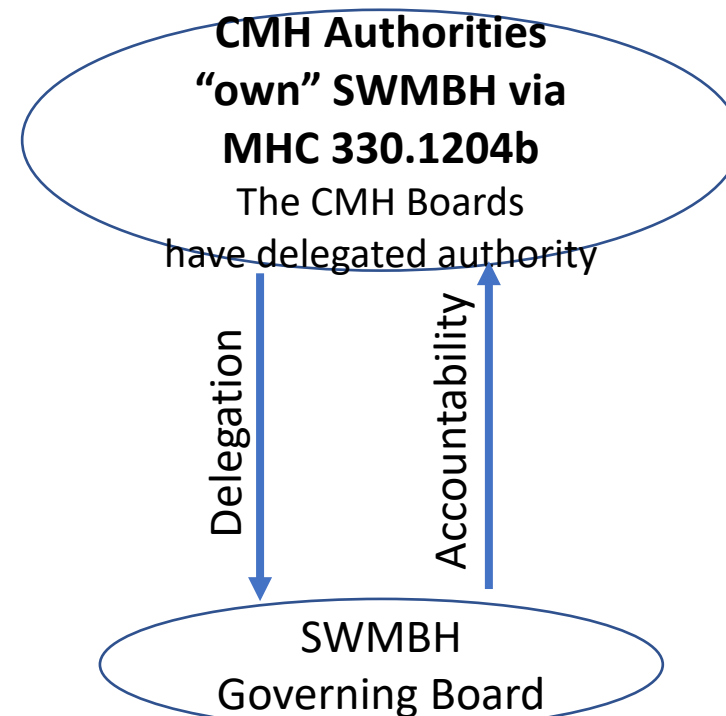


Delegation and Accountability is Different for CMHs vs SWMBH

CMHSPs



SWMBH



* CMH Authorities are independent of county government but also subject to county permission to exist. That side of this analysis is for example; only a CMH Board can determine who the agency owners are.

Ownership Linkage and SWMBH Board Members

- Your duality of Board member roles and authorities is proper, manageable, not mutually exclusive and can be fulfilled simultaneously without subordinating one role to the other.
- Approaches to bilateral Ownership Linkage for consideration:
 - Talk to three members of your CMH board or the full Board and ask the questions on the following page. Bring that information back to the SWMBH board to inform their policy-making.
 - Do regular SWMBH presentations to your CMH board to assure mutual alignment.
 - Invite the SWMBH EO to attend CMH Board periodically.
 - Encourage SWMBH Board Alternates to attend SWMBH Board meetings and brief them regularly.

SWMBH Board Member discussion with CMH Board - examples

- What impact should SWMBH provide to our region?
- What impact should SWMBH provide to our CMH and county?
- What are the core values we wish to transmit to SWMBH Board?

Susan Radwan

- Leading Edge Mentoring
- suzyradwan@aol.com
- (517) 256-4786

Southwest Michigan

BEHAVIORAL HEALTH

Section: Board Policy – Governance		Policy Number: BG-012	Pages: 1
Subject: Open Meetings Act and Freedom of Information Act		Required By: Policy Governance	Accountability: SWMBH Board
Application: <input checked="" type="checkbox"/> SWMBH Governance Board <input checked="" type="checkbox"/> SWMBH EO			Required Reviewer: SWMBH Board
Effective Date: 6.12.15	Last Review Date: 6/10/22	Past Review Dates: 6/9/17; 6/10/16; 6/8/18; 6/14/19; 6/12/20;12/11/20;6/11/21	

I. PURPOSE:

To provide the SWMBH Board the specific requirements for operating in compliance with Michigan’s Open Meetings Act, 1976 PA 267, PA 228 of 2020, and the Freedom of Information Act, 1976 PA 422.

II. POLICY:

The Regional Entity and members of the Regional Entity SWMBH Board, officers, and staff shall fully comply with all applicable laws, regulations and rules, including without limitation 1976 PA 267 (the “Open Meetings Act”), PA 228 of 2020 and 1976 PA 422 (the “Freedom of Information Act”). SWMBH shall develop related compliance policies and procedures. If noncompliance is found, immediate corrective action shall be taken by the appropriate persons to ensure compliance.

III. STANDARDS:

SWMBH shall operate in compliance with the procedures prescribed in Michigan’s Open Meetings Act, 1976 PA 247, PA 228 of 2020 and the procedures prescribed in Michigan’s Freedom of Information Act, 1976 PA 442.

Michigan’s Open Meetings Act, 1976 PA 267.

- http://www.michigan.gov/ag/OMA_handbook_287134_7.pdf
- Michigan’s Freedom of Information Act, 1976 PA 442
 - http://www.michigan.gov/documents/ag/FOIA_pamphlet_380084_7.pdf
- PA 228 of 2020
 - <http://blogs.mml.org/wp/coronavirus/files/2020/11/2020-PA-0228.pdf>

Southwest Michigan

BEHAVIORAL HEALTH

Section: Board Policy – Governance	Policy Number: BG-010	Pages: 1
Subject: Board Committee Principles	Required By: Policy Governance	Accountability: SWMBH Board
Application: <input checked="" type="checkbox"/> SWMBH Governance Board <input checked="" type="checkbox"/> SWMBH EO		Required Reviewer: SWMBH Board
Effective Date: 03.14.2014	Last Review Date: 4/8/22	Past Review Dates: 03.13.15, 04.10.15, 4/8/16, 4/14/17, 4/13/18, 4/12/19, 4/10/20, 4/9/21

I. PURPOSE:

To define SWMBH Board committee principles.

II. POLICY:

Board committees, when used, will be assigned so as to reinforce the wholeness of the Board's job and to not interfere with delegation from the Board to the EO.

III. STANDARDS:

Accordingly the Committees shall:

1. Assist the Board by preparing policy alternatives and implications for Board deliberation. In keeping with the Board's broader focus, Board committees will normally not have direct dealings with current staff operations.
2. Not speak or act for the Board except when formally given such authority for specific and time-limited purposes.
3. Not exercise authority over staff.
4. Be used sparingly and ordinarily in an ad hoc capacity.
5. This policy applies to any group that is formed by Board action, whether or not it is called a committee and regardless of whether the group includes Board members. It does not apply to committees formed under the authority of the EO.

Southwest Michigan

BEHAVIORAL HEALTH

Section: Board Policy – Governance	Policy Number: BG-011	Pages: 2
Subject: Governing Style and Commitment	Required By: Policy Governance	Accountability: SWMBH Board
Application: <input checked="" type="checkbox"/> SWMBH Governance Board <input checked="" type="checkbox"/> SWMBH EO		Required Reviewer: SWMBH Board
Effective Date: 04.11.2014	Last Review Date: 6.10.22	Past Review Dates: 04.11.15, 05.08.15, 5.13.16, 12.9.16, 5.12.17, 5.11.18, 5.10.19, 5.8.20, 5.14.21

I. **PURPOSE:**

The SWMBH Board will engage in continual refinement of its values and vision, guaranteeing the accountability of SWMBH through monitoring of performance.

II. **POLICY:**

The Board will govern lawfully, 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.

III. **STANDARDS:**

Accordingly, the SWMBH Board shall:

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 member 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.
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. 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.
4. Continual Board development will include orientation of new Board members in the Board's governance process and periodic Board discussion of process improvement.

5. Allow no officer, individual, or committee of the Board to hinder or be an excuse for not fulfilling group obligations.
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.
7. Follow the SWMBH Conflict of Interest Policy.
8. When a Member either must recuse themselves or chooses to recuse themselves from voting on a Board decision their prior potential vote count will be removed from the vote tally denominator.

When a Member abstains from voting on a Board decision their potential vote count will not be removed from the vote tally denominator.



Executive Limitations
Monitoring to Assure Executive Performance
June 9, 2023

For the period of 01/01/22 to 12/31/22

Policy Number: BEL-006

Policy Name: Investments

Assigned Reviewer: Sherii Sherban

Purpose: To establish a policy guiding investments.

Policy: It is the policy of SWMBH to invest public 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.

Standards: Accordingly, the EO may not:

1. Fail to comply with the requirements of Public Act 20 of 1943, as amended. The following types of securities are authorized by Public Act 20 of 1943, as amended:
 - Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
 - Certificates of deposit, savings accounts, deposit accounts or depository receipts of a financial institution as defined in Public Act 20 of 1943 as amended, no more than 60% of the total investment portfolio will be invested in a single security type or with a single financial institution except for funds held in a CDARS account.
 - Commercial paper rated at the time of purchase at the highest classification established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
 - Repurchase agreements consisting of instruments in subdivision V., (A).
 - Banker's acceptances of United States banks.
 - Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.
 - Obligations described in subdivision 6.1 through 6.6 if purchased through an interlocal agreement under the Urban Cooperation Act of 1967. 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

- Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, MCL 129.111 to 129.118.
- Investment pools organized under the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.

EO Response: Based upon review by the CFO we are in compliance with these requirements. Our external audit firm Roslund-Prestage does basic testing around PA 20; their field work began January 25th, 2023 for FY2022 and the results will be presented at the June 9th, 2023 Board meeting. There were no external audit findings or recommendations from external auditor for the prior period regarding investments. Please see accompanying detailed Investment Portfolio Summary and our Nationwide SWMBH Retirement and Social Security Alternative accounts. A Retirement Account Investment Fiduciary Review meeting occurred September 6, 2022, with the EO, CFO, CAO and Doerschler & Associates.. Changes recommended were to remove 3 underperforming investments and to replace them with 4 superior performing investments., the other funds performed with strong returns during the period in review.

2. Neglect to diversify investment portfolio. Except for U.S. Treasury securities and authorized investment pools as defined in Public Act 20 of 1943 as amended, no more than 60% of the total investment portfolio was invested in a single security type or with a single financial institution except for funds held in a Certificate of Deposit Account Registry Service (CDARS) account.

EO Response: Based upon review by the CFO we have complied with these requirements. Please see accompanying detailed Investment Account Summary for details and proofs. SWMBH maintains safe cash holdings by protecting funds from institutional insolvency at the FDIC regulatory insurance level we protect the revenue for Plan Member needs.

3. Fail to meet the standard of prudence. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

EO Response: All Investments are congruous with the standard of prudence, as evidenced by the actions taken retaining the bulk of our investment in the CDARS program which maintains FDIC insurance as long as they are in the product.

4. Endanger safekeeping of securities.

EO Response: No negotiable securities are kept at SWMBH. Change authority for all Investment Accounts is limited to the EO for Comerica and Nationwide, and both EO and CFO for First National Bank.

5. Avoid providing timely and accurate investment reports.

EO Response: SWMBH's management receives regular monthly Investment Portfolio reports from Comerica Bank, First National Bank and Nationwide. These are received and analyzed by the CFO with EO. Reports are made to the Board annually, per Board Policy, and are available to the Board at any time upon request.

Accompanying Materials:

- Fiscal Year 2022 year-end statements:
 - 401(a) Year End Statement (Employer Match)
 - 457(b) Year End Statement (Employee Contribution)
 - Social Security Alternative Year End Statement
- Cash Investment Portfolio (CDs) Year End Balances at 09/30/2022
(Detailed CD start, and maturing date documents are available)

Report and materials were delivered electronically to Board direct inspection assignee Sherii Sherban. Ms. Sherban was invited to seek additional information or documents, and to initiate contact via phone or in person with EO or CFO.

Southwest Michigan

BEHAVIORAL HEALTH

Section: Board Policy – Executive Limitations	Policy Number: BEL-006	Pages: 2
Subject: Investments	Required By: Policy Governance	Accountability: SWMBH Board
Application: <input type="checkbox"/> SWMBH Governance Board <input checked="" type="checkbox"/> SWMBH EO		Required Reviewer: SWMBH Board
Effective Date: 02.14.2014	Last Review Date: 6.10.22	Past Review Dates: 2.13.15, 2.12.16, 2.10.17, 2.9.18, 6.14.19, 6.12.20, 7/09/21

I. **PURPOSE:**

To establish a policy guiding investments.

II. **POLICY:**

It is the policy of SWMBH to invest public 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.

III. **STANDARDS:**

Accordingly the Executive Officer may not:

1. Fail to comply with the requirements of Public Act 20 of 1943, as amended. The following types of securities are authorized by Public Act 20 of 1943, as amended:
 - Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
 - Certificates of deposit, savings accounts, deposit accounts or depository receipts of a financial institution as defined in Public Act 20 of 1943 as amended, no more than 60% of the total investment portfolio will be invested in a single security type or with a single financial institution with the exception of funds held in a CDARS account.
 - Commercial paper rated at the time of purchase at the highest classification established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
 - Repurchase agreements consisting of instruments in subdivision V., (A).
 - Banker's acceptances of United States banks.
 - Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.
 - Obligations described in subdivision 6.1 through 6.6 if purchased through an interlocal agreement under the Urban Cooperation Act of 1967. 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
 - Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, MCL 129.111 to 129.118.
 - Investment pools organized under the Local Government Investment Pool Act, 1985 PA

BEL-006

Page 1 of 2

121, MCL 129.141 to 129.150.

2. Neglect to diversify investment portfolio. With the exception of U.S. Treasury securities and authorized investment pools as defined in Public Act 20 of 1943 as amended, no more than 60% of the total investment portfolio will be invested in a single security type or with a single financial institution with the exception of funds held in a Certificate of Deposit Account Registry Service (CDARS) account.
3. Fail to meet the standard of prudence. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.
4. Endanger safekeeping of securities.
5. Avoid providing timely and accurate investment reports.

	E	F	H	J	K	M	N	O	P	Q	R	S	
1	Southwest Michigan Behavioral Health			Mos in Period									
2	For the Fiscal YTD Period Ended 4/30/2023			P07FYTD22		7							
3	(For Internal Management Purposes Only)												
4	INCOME STATEMENT			TOTAL	Medicaid Contract	Healthy Michigan Contract	Opioid Health Home Contract	CCBHC	MI Health Link	MH Block Grant Contracts	SA Block Grant Contract	SA PA2 Funds Contract	SWMBH Central
5													
6	REVENUE												
17	Contract Revenue	201,968,492	145,676,498	30,488,067	1,094,898	18,633,242	930,618	-	4,066,444	1,078,726	-	-	
18	DHHS Incentive Payments	334,638	334,638	-	-	-	-	-	-	-	-	-	
19	Grants and Earned Contracts	414,320	-	-	-	-	-	414,320	-	-	-	-	
20	Interest Income - Working Capital	320,264	-	-	-	-	-	-	-	-	-	320,264	
21	Interest Income - ISF Risk Reserve	23,835	-	-	-	-	-	-	-	-	-	23,835	
22	Local Funds Contributions	752,122	-	-	-	-	-	-	-	-	-	752,122	
23	Other Local Income	-	-	-	-	-	-	-	-	-	-	-	
24													
25	TOTAL REVENUE	203,813,671	146,011,136	30,488,067	1,094,898	18,633,242	930,618	414,320	4,066,444	1,078,726	1,096,221		
26													
27	EXPENSE												
28	Healthcare Cost												
29	Provider Claims Cost	16,001,026	3,046,157	5,635,099	732,442	-	2,222,447	256,134	3,324,439	784,309	-	-	
30	CMHP Subcontracts, net of 1st & 3rd party	163,517,997	131,437,720	14,060,104	-	17,382,423	95,530	-	542,219	-	-	-	
31	Insurance Provider Assessment Withhold (IPA)	2,206,968	1,529,528	677,440	-	-	-	-	-	-	-	-	
32	Medicaid Hospital Rate Adjustments	2,493,876	1,388,772	1,105,104	-	-	-	-	-	-	-	-	
33	MHL Cost in Excess of Medicare FFS Cost	-	1,456,923	-	-	-	(1,456,923)	-	-	-	-	-	
34													
35	Total Healthcare Cost	184,219,867	138,859,100	21,477,747	732,442	17,382,423	861,054	256,134	3,866,658	784,309	-	-	
36	Medical Loss Ratio (HCC % of Revenue)	91.1%	95.1%	70.4%	66.9%	93.3%	92.5%		95.1%	72.7%			
37													
39	Purchased Professional Services	198,239	-	-	-	-	-	-	-	-	-	198,239	
40	Administrative and Other Cost	5,447,718	-	-	-	-	-	158,186	61,208	-	-	5,226,465	
42	Depreciation	3,338	-	-	-	-	-	-	-	-	-	3,338	
43	Functional Cost Reclassification	-	-	-	-	-	-	-	-	-	-	-	
44	Allocated Indirect Pooled Cost	(0)	-	-	-	-	-	-	-	-	-	1,860	
45	Delegated Managed Care Admin	12,891,648	11,548,186	1,343,462	-	-	-	-	-	-	-	-	
46	Apportioned Central Mgd Care Admin	-	4,002,080	591,066	21,981	521,658	69,564	12,434	151,745	-	-	(5,370,527)	
47													
48	Total Administrative Cost	18,540,943	15,550,266	1,934,528	21,981	521,658	69,564	170,620	212,953	-	-	59,375	
49	Admin Cost Ratio (MCA % of Total Cost)	9.1%	10.1%	8.3%	2.9%	2.9%	7.5%		5.2%	0.0%	2.6%		
50													
51	Local Funds Contribution	752,122	-	-	-	-	-	-	-	-	-	752,122	
52													
54	TOTAL COST after apportionment	203,512,932	154,409,366	23,412,274	754,423	17,904,081	930,618	426,754	4,079,611	784,309	811,497		
55													
56	NET SURPLUS before settlement	300,739	(8,398,230)	7,075,793	340,475	729,161	-	(12,434)	(13,167)	294,417	284,724	-	
57	Net Surplus (Deficit) % of Revenue	0.1%	-5.8%	23.2%	31.1%	3.9%	0.0%	-3.0%	-0.3%	27.3%	26.0%		
59	Prior Year Savings	23,380,922	22,369,140	1,011,782	-	-	-	-	-	-	-	-	
60	Change in PA2 Fund Balance	(281,250)	-	-	-	-	-	-	-	(281,250)	-	-	
61	ISF Risk Reserve Abatement (Funding)	(23,835)	-	-	-	-	-	-	-	-	-	(23,835)	
62	ISF Risk Reserve Deficit (Funding)	-	-	-	-	-	-	-	-	-	-	-	
63	Settlement Receivable / (Payable)	(4,573,081)	1,507,893	(5,011,339)	(340,475)	(729,161)	-	-	13,167	(13,167)	-	-	
64	NET SURPLUS (DEFICIT)	18,803,494	15,478,803	3,076,236	-	-	-	(12,434)	-	-	260,889	-	
65	HMP & Autism is settled with Medicaid												
66													
67	SUMMARY OF NET SURPLUS (DEFICIT)												
68	Prior Year Unspent Savings	9,742,051	9,320,475	421,576	-	-	-	-	-	-	-	-	
69	Current Year Savings	6,242,445	3,587,785	2,654,660	-	-	-	-	-	-	-	-	
70	Current Year Public Act 2 Fund Balance	-	-	-	-	-	-	-	-	-	-	-	
71	Local and Other Funds Surplus/(Deficit)	2,818,998	2,570,543	-	-	-	-	(12,434)	-	-	260,889	-	
72													
73	NET SURPLUS (DEFICIT)	18,803,494	15,478,803	3,076,236	-	-	-	(12,434)	-	-	260,889	-	
74													

	F	G	H	I	J	K	L	M	N	O	P	Q	R	
1	Southwest Michigan Behavioral Health				Mos in Period									
2	For the Fiscal YTD Period Ended 4/30/2023				7									
3	(For Internal Management Purposes Only)				ok									
4	INCOME STATEMENT		Total SWMBH	SWMBH Central	CMH Participants	Barry CMHA	Berrien CMHA	Pines Behavioral	Summit Pointe	Woodlands Behavioral	Integrated Services of Kalamazoo	St Joseph CMHA	Van Buren MHA	
5														
6	Medicaid Specialty Services			HCC%		79.8%	87.6%	83.0%	84.7%	86.0%	87.9%	85.8%	86.2%	
7	Subcontract Revenue	145,676,498	9,612,881	136,063,617	6,669,587	28,249,301	7,929,242	26,648,544	8,509,329	36,273,825	7,697,693	14,086,095		
8	Incentive Payment Revenue	334,638	196,441	138,197	3,177	29,122	-	88,425	-	-	17,473	-	-	
9	Contract Revenue	146,011,136	9,809,322	136,201,814	6,672,764	28,278,423	7,929,242	26,736,969	8,509,329	36,273,825	7,715,166	14,086,095		
10														
11	External Provider Cost	109,212,383	3,046,157	106,166,226	3,017,905	22,265,830	4,575,647	17,995,766	6,507,565	34,776,148	7,606,696	9,420,670		
12	Internal Program Cost	25,641,711	-	25,641,711	2,466,930	5,466,689	1,712,587	6,948,177	2,696,028	1,681,730	621,337	4,048,234		
13	SSI Reimb, 1st/3rd Party Cost Offset	(274,687)	-	(274,687)	(10,655)	-	-	(32,988)	-	(228,830)	-	(2,215)	-	
14	Insurance Provider Assessment Withhold (IPA)	2,918,300	2,918,300	-	-	-	-	-	-	-	-	-	-	
15	MHL Cost in Excess of Medicare FFS Cost	1,497,748	1,497,748	-	-	-	-	-	-	-	-	-	-	
16	Total Healthcare Cost	138,995,456	7,462,206	131,533,250	5,474,180	27,732,519	6,288,235	24,910,955	9,203,593	36,229,048	8,225,818	13,468,903		
17	Medical Loss Ratio (HCC % of Revenue)	95.2%	76.1%	96.6%	82.0%	98.1%	79.3%	93.2%	108.2%	99.9%	106.6%	95.6%		
18														
19	Managed Care Administration	15,550,266	4,002,080	11,548,186	730,726	2,541,896	943,439	2,155,754	764,462	2,101,975	848,607	1,461,327		
20	Admin Cost Ratio (MCA % of Total Cost)	10.1%	2.6%	7.5%	11.8%	8.4%	13.0%	8.0%	7.7%	5.5%	9.4%	9.8%		
21														
22	Contract Cost	154,545,722	11,464,286	143,081,436	6,204,906	30,274,414	7,231,673	27,066,709	9,968,056	38,331,023	9,074,425	14,930,230		
23	Net before Settlement	(8,534,586)	(1,654,964)	(6,879,622)	467,858	(1,995,991)	697,569	(329,740)	(1,458,727)	(2,057,198)	(1,359,258)	(844,135)		
24														
25	Prior Year Savings	22,369,140	22,369,140	-	-	-	-	-	-	-	-	-	-	
26	Internal Service Fund Risk Reserve	-	-	-	-	-	-	-	-	-	-	-	-	
27	Contract Settlement / Redistribution	1,507,893	(5,371,729)	6,879,622	(467,858)	1,995,991	(697,569)	329,740	1,458,727	2,057,198	1,359,258	844,135		
28	Net after Settlement	15,342,448	15,342,448	-	-	-	-	-	-	-	-	-	-	
29														
30	Eligibles and PMPM													
31	Average Eligibles	182,085	182,085	182,085	10,071	34,266	10,737	35,336	10,659	47,635	15,001	18,380		
32	Revenue PMPM	\$ 114.55	\$ 7.70	\$ 106.86	\$ 94.65	\$ 117.89	\$ 105.50	\$ 108.09	\$ 114.05	\$ 108.79	\$ 73.47	\$ 109.48		
33	Expense PMPM	\$ 121.25	\$ 8.99	\$ 112.26	\$ 88.02	\$ 126.22	\$ 96.22	\$ 109.43	\$ 133.60	\$ 114.95	\$ 86.42	\$ 116.04		
34	Margin PMPM	\$ (6.70)	\$ (1.30)	\$ (5.40)	\$ 6.64	\$ (8.32)	\$ 9.28	\$ (1.33)	\$ (19.55)	\$ (6.17)	\$ (12.94)	\$ (6.56)		
35														
36	Medicaid Specialty Services													
37	Budget v Actual													
38														
39	Eligible Lives (Average Eligibles)													
40	Actual	182,085	182,085	182,085	10,071	34,266	10,737	35,336	10,659	47,635	15,001	18,380		
41	Budget	174,379	174,379	174,379	9,423	33,008	10,297	33,586	10,237	45,533	14,354	17,941		
42	Variance - Favorable / (Unfavorable)	7,706	7,706	7,706	648	1,258	440	1,750	422	2,102	647	439		
43	% Variance - Fav / (Unfav)	4.4%	4.4%	4.4%	6.9%	3.8%	4.3%	5.2%	4.1%	4.6%	4.5%	2.4%		
44														
45	Contract Revenue before settlement													
46	Actual	146,011,136	9,809,322	136,201,814	6,672,764	28,278,423	7,929,242	26,736,969	8,509,329	36,273,825	7,715,166	14,086,095		
47	Budget	153,042,230	14,878,423	138,163,807	5,902,427	25,867,735	7,403,458	24,204,140	7,538,580	44,681,742	9,986,570	12,579,156		
48	Variance - Favorable / (Unfavorable)	(7,031,094)	(5,069,101)	(1,961,993)	770,337	2,410,688	525,785	2,532,829	970,749	(8,407,917)	(2,271,404)	1,506,939		
49	% Variance - Fav / (Unfav)	-4.6%	-34.1%	-1.4%	13.1%	9.3%	7.1%	10.5%	12.9%	-18.8%	-22.7%	12.0%		
50														
51	Healthcare Cost													
52	Actual	138,995,456	7,462,206	131,533,250	5,474,180	27,732,519	6,288,235	24,910,955	9,203,593	36,229,048	8,225,818	13,468,903		
53	Budget	123,641,480	6,170,952	117,470,528	5,213,080	22,677,360	7,281,645	23,846,163	7,195,342	30,950,418	8,434,029	11,872,491		
54	Variance - Favorable / (Unfavorable)	(15,353,976)	(1,291,254)	(14,062,722)	(261,100)	(5,055,159)	993,410	(1,064,792)	(2,008,251)	(5,278,630)	208,211	(1,596,412)		
55	% Variance - Fav / (Unfav)	-12.4%	-20.9%	-12.0%	-5.0%	-22.3%	13.6%	-4.5%	-27.9%	-17.1%	2.5%	-13.4%		
56														
57	Managed Care Administration													
58	Actual	15,550,266	4,002,080	11,548,186	730,726	2,541,896	943,439	2,155,754	764,462	2,101,975	848,607	1,461,327		
59	Budget	13,226,511	5,000,785	8,225,726	658,023	1,756,607	268,937	1,827,619	977,241	1,563,733	333,612	839,953		
60	Variance - Favorable / (Unfavorable)	(2,323,755)	998,705	(3,322,460)	(72,703)	(785,288)	(674,502)	(328,136)	212,779	(538,242)	(514,995)	(621,374)		
61	% Variance - Fav / (Unfav)	-17.6%	20.0%	-40.4%	-11.0%	-44.7%	-250.8%	-18.0%	21.8%	-34.4%	-154.4%	-74.0%		
62														
63	Total Contract Cost													
64	Actual	154,545,722	11,464,286	143,081,436	6,204,906	30,274,414	7,231,673	27,066,709	9,968,056	38,331,023	9,074,425	14,930,230		
65	Budget	136,867,991	11,171,737	125,696,254	5,871,103	24,433,967	7,550,582	25,673,782	8,172,584	32,514,152	8,767,641	12,712,444		
66	Variance - Favorable / (Unfavorable)	(17,677,731)	(292,549)	(17,385,182)	(333,803)	(5,840,447)	318,909	(1,392,928)	(1,795,472)	(5,816,871)	(306,784)	(2,217,786)		
67	% Variance - Fav / (Unfav)	-12.9%	-2.6%	-13.8%	-5.7%	-23.9%	4.2%	-5.4%	-22.0%	-17.9%	-3.5%	-17.4%		
68														
69	Net before Settlement													
70	Actual	(8,534,586)	(1,654,964)	(6,879,622)	467,858	(1,995,991)	697,569	(329,740)	(1,458,727)	(2,057,198)	(1,359,258)	(844,135)		
71	Budget	16,174,239	3,706,686	12,467,553	31,324	1,433,767	(147,124)	(1,469,642)	(634,004)	12,167,591	1,218,929	(133,288)		
72	Variance - Favorable / (Unfavorable)	(24,708,825)	(5,361,650)	(19,347,175)	436,534	(3,429,759)	844,693	1,139,902	(824,722)	(14,224,789)	(2,578,188)	(710,847)		
73														
74														

	F	G	H	I	J	K	L	M	N	O	P	Q	R	
1	Southwest Michigan Behavioral Health			Mos in Period										
2	For the Fiscal YTD Period Ended 4/30/2023			7										
3	(For Internal Management Purposes Only)			ok										
4	INCOME STATEMENT			Total SWMBH	SWMBH Central	CMH Participants	Barry CMHA	Berrien CMHA	Pines Behavioral	Summit Pointe	Woodlands Behavioral	Integrated Services of Kalamazoo	St Joseph CMHA	Van Buren MHA
5														
75	Healthy Michigan Plan			HCC%			13.7%	9.7%	13.1%	12.3%	5.8%	9.0%	12.6%	10.8%
76	Contract Revenue			30,488,067	7,006,288	23,481,779	1,294,805	5,037,908	1,210,386	4,758,316	1,555,263	6,007,231	1,181,907	2,435,963
77														
78	External Provider Cost			13,440,355	5,635,099	7,805,256	388,750	1,224,688	339,061	1,708,411	138,603	2,129,842	798,772	1,077,129
79	Internal Program Cost			6,254,848	-	6,254,848	549,032	1,847,790	654,275	1,924,879	480,358	139,642	51,966	606,906
80	SSI Reimb, 1st/3rd Party Cost Offset			-	-	-	-	-	-	-	-	-	-	-
81	Insurance Provider Assessment Withhold (IPA)			677,440	677,440	-	-	-	-	-	-	-	-	-
82	Total Healthcare Cost			20,372,643	6,312,538	14,060,104	937,782	3,072,478	993,336	3,633,290	618,961	2,269,484	850,739	1,684,035
83	Medical Loss Ratio (HCC % of Revenue)			66.8%	90.1%	59.9%	72.4%	61.0%	82.1%	76.4%	39.8%	37.8%	72.0%	69.1%
84														
85	Managed Care Administration			1,934,528	591,066	1,343,462	125,181	282,696	91,838	310,986	89,811	130,847	128,450	183,652
86	Admin Cost Ratio (MCA % of Total Cost)			8.7%	2.6%	6.0%	11.8%	8.4%	8.5%	7.9%	12.7%	5.5%	13.1%	9.8%
87														
88	Contract Cost			22,307,170	6,903,604	15,403,566	1,062,962	3,355,174	1,085,175	3,944,276	708,772	2,400,331	979,189	1,867,687
89	Net before Settlement			8,180,897	102,684	8,078,213	231,842	1,682,734	125,211	814,040	846,491	3,606,900	202,718	568,276
90														
91	Prior Year Savings			1,011,782	1,011,782	-	-	-	-	-	-	-	-	-
92	Internal Service Fund Risk Reserve			-	-	-	-	-	-	-	-	-	-	-
93	Contract Settlement / Redistribution			(5,011,339)	3,066,874	(8,078,213)	(231,842)	(1,682,734)	(125,211)	(814,040)	(846,491)	(3,606,900)	(202,718)	(568,276)
94	Net after Settlement			4,181,340	4,181,340	-	-	-	-	-	-	-	-	-
95														
96	Eligibles and PMPM													
97	Average Eligibles			80,648	80,648	80,648	4,124	15,743	3,844	14,751	4,905	23,363	6,204	7,713
98	Revenue PMPM			\$ 54.01	\$ 12.41	\$ 41.60	\$ 44.85	\$ 45.72	\$ 44.99	\$ 46.08	\$ 45.29	\$ 36.73	\$ 27.22	\$ 45.12
99	Expense PMPM			39.51	12.23	27.29	36.82	30.45	40.33	38.20	20.64	14.68	22.55	34.59
100	Margin PMPM			\$ 14.49	\$ 0.18	\$ 14.31	\$ 8.03	\$ 15.27	\$ 4.65	\$ 7.88	\$ 24.65	\$ 22.05	\$ 4.67	\$ 10.52
101														
102	Healthy Michigan Plan													
103	Budget v Actual													
104														
105	Eligible Lives (Average Eligibles)													
106	Actual			80,648	80,648	80,648	4,124	15,743	3,844	14,751	4,905	23,363	6,204	7,713
107	Budget			74,889	74,889	74,889	3,793	14,729	3,546	13,688	4,485	21,571	5,873	7,204
108	Variance - Favorable / (Unfavorable)			5,759	5,759	5,759	331	1,014	298	1,063	420	1,792	331	510
109	% Variance - Fav / (Unfav)			7.7%	7.7%	7.7%	8.7%	6.9%	8.4%	7.8%	9.4%	8.3%	5.6%	7.1%
110														
111	Contract Revenue before settlement													
112	Actual			30,488,067	7,006,288	23,481,779	1,294,805	5,037,908	1,210,386	4,758,316	1,555,263	6,007,231	1,181,907	2,435,963
113	Budget			28,689,233	5,502,516	23,186,717	1,165,806	4,504,070	1,089,563	4,285,165	1,367,217	6,777,255	1,808,368	2,189,273
114	Variance - Favorable / (Unfavorable)			1,798,834	1,503,772	295,062	128,998	533,838	120,824	473,151	188,046	(770,024)	(626,461)	246,690
115	% Variance - Fav / (Unfav)			6.3%	27.3%	1.3%	11.1%	11.9%	11.1%	11.0%	13.8%	-11.4%	-34.6%	11.3%
116														
117	Healthcare Cost													
118	Actual			20,372,643	6,312,538	14,060,104	937,782	3,072,478	993,336	3,633,290	618,961	2,269,484	850,739	1,684,035
119	Budget			19,796,764	4,859,834	14,936,930	786,447	2,221,861	1,494,303	3,528,330	582,221	3,245,662	1,757,043	1,321,062
120	Variance - Favorable / (Unfavorable)			(575,879)	(1,452,704)	876,826	(151,335)	(850,616)	500,966	(104,960)	(36,740)	976,178	906,305	(362,973)
121	% Variance - Fav / (Unfav)			-2.9%	-29.9%	5.9%	-19.2%	-38.3%	33.5%	-3.0%	-6.3%	30.1%	51.6%	-27.5%
122														
123	Managed Care Administration													
124	Actual			1,934,528	591,066	1,343,462	125,181	282,696	91,838	310,986	89,811	130,847	128,450	183,652
125	Budget			1,727,242	759,775	967,468	99,269	171,083	80,248	284,175	79,075	115,070	45,085	93,462
126	Variance - Favorable / (Unfavorable)			(207,285)	168,709	(375,994)	(25,911)	(111,613)	(11,590)	(26,811)	(10,736)	(15,777)	(83,365)	(90,190)
127	% Variance - Fav / (Unfav)			-12.0%	22.2%	-38.9%	-26.1%	-65.2%	-14.4%	-9.4%	-13.6%	-13.7%	-184.9%	-96.5%
128														
129	Total Contract Cost													
130	Actual			22,307,170	6,903,604	15,403,566	1,062,962	3,355,174	1,085,175	3,944,276	708,772	2,400,331	979,189	1,867,687
131	Budget			21,524,006	5,619,609	15,904,397	885,716	2,392,944	1,574,551	3,812,505	661,296	3,360,732	1,802,128	1,414,524
132	Variance - Favorable / (Unfavorable)			(783,164)	(1,283,995)	500,831	(177,246)	(962,230)	489,376	(131,771)	(47,476)	960,401	822,939	(453,162)
133	% Variance - Fav / (Unfav)			-3.6%	-22.8%	3.1%	-20.0%	-40.2%	31.1%	-3.5%	-7.2%	28.6%	45.7%	-32.0%
134														
135	Net before Settlement													
136	Actual			8,180,897	102,684	8,078,213	231,842	1,682,734	125,211	814,040	846,491	3,606,900	202,718	568,276
137	Budget			7,165,226	(117,093)	7,282,319	280,090	2,111,126	(484,988)	472,660	705,921	3,416,522	6,240	774,748
138	Variance - Favorable / (Unfavorable)			1,015,671	219,777	795,893	(48,248)	(428,392)	610,200	341,380	140,570	190,378	196,478	(206,472)
139														

	F	G	H	I	J	K	L	M	N	O	P	Q	R	
1	Southwest Michigan Behavioral Health			Mos in Period										
2	For the Fiscal YTD Period Ended 4/30/2023			7										
3	(For Internal Management Purposes Only)			ok										
4	INCOME STATEMENT			Total SWMBH	SWMBH Central	CMH Participants	Barry CMHA	Berrien CMHA	Pines Behavioral	Summit Pointe	Woodlands Behavioral	Integrated Services of Kalamazoo	St Joseph CMHA	Van Buren MHA
5														
159														
160	Certified Community Behavioral Health Clin			HCC%										
161	Contract Revenue	18,633,242	336,896	18,296,345	-	-	-	-	-	-	26.1%	25.2%	-	
162	External Provider Cost	6,402,924	-	6,402,924	-	-	-	-	-	-	3,271,808	3,131,116	-	
164	Internal Program Cost	10,979,499	-	10,979,499	-	-	-	-	-	-	10,979,499	-	-	
165	SSI Reimb, 1st/3rd Party Cost Offset	-	-	-	-	-	-	-	-	-	-	-	-	
166	Total Healthcare Cost	17,382,423	-	17,382,423	-	-	-	-	-	-	14,251,307	3,131,116	-	
167	Medical Loss Ratio (HCC % of Revenue)	93.3%	0.0%	95.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	101.8%	73.0%	0.0%	
168	Managed Care Administration	521,658	521,658	-	-	-	-	-	-	-	-	-	-	
170	Admin Cost Ratio (MCA % of Total Cost)	2.9%	2.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
171	Contract Cost	17,904,081	521,658	17,382,423	-	-	-	-	-	-	14,251,307	3,131,116	-	
173	Net before Settlement	729,161	(184,762)	913,922	-	-	-	-	-	-	(247,081)	1,161,004	-	
174	PPS-1 Supplemental Payment Difference	-	25,401	(25,401)	-	-	-	-	-	-	(358,657)	333,256	-	
175	Contract Settlement / Redistribution	-	(939,323)	939,323	-	-	-	-	-	-	111,575	827,747	-	
176	Net after Settlement	-	(939,323)	939,323	-	-	-	-	-	-	111,575	827,747	-	
177														
178														
179	SUD Block Grant Treatment			HCC%										
180	Contract Revenue	4,066,444	3,726,816	339,628	22,024	113,923	16,489	-	0.0%	2.4%	0.0%	0.2%	0.5%	
181	External Provider Cost	3,324,439	3,324,439	-	-	-	-	-	-	-	-	-	-	
183	Internal Program Cost	542,219	-	542,219	29,106	137,271	9,629	-	265,796	-	20,343	80,073	-	
184	Insurance Provider Assessment Withhold (IPA)	-	-	-	-	-	-	-	-	-	-	-	-	
185	Total Healthcare Cost	3,866,658	3,324,439	542,219	29,106	137,271	9,629	-	265,796	-	20,343	80,073	-	
186	Medical Loss Ratio (HCC % of Revenue)	95.1%	89.2%	159.7%	132.2%	120.5%	58.4%	0.0%	688.1%	0.0%	44.2%	215.3%	-	
187	Managed Care Administration	212,953	212,953	-	-	-	-	-	-	-	-	-	-	
189	Admin Cost Ratio (MCA % of Total Cost)	5.2%	5.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
190	Contract Cost	4,079,611	3,537,392	542,219	29,106	137,271	9,629	-	265,796	-	20,343	80,073	-	
192	Net before Settlement	(13,167)	189,424	(202,591)	(7,083)	(23,348)	6,860	-	(227,168)	65,309	25,722	(42,883)	-	
193	Contract Settlement	13,167	(189,424)	202,591	7,083	23,348	(6,860)	-	227,168	(65,309)	(25,722)	42,883	-	
194	Net after Settlement	0	0	-	-	-	-	-	-	-	-	-	-	
195														
196														

	F	G	H	I	J	K	L	M	N	O	P	Q	R	
1	Southwest Michigan Behavioral Health			<i>Mos in Period</i>										
2	For the Fiscal YTD Period Ended 4/30/2023			7										
3	(For Internal Management Purposes Only)			ok										
4	INCOME STATEMENT			Total SWMBH	SWMBH Central	CMH Participants	Barry CMHA	Berrien CMHA	Pines Behavioral	Summit Pointe	Woodlands Behavioral	Integrated Services of Kalamazoo	St Joseph CMHA	Van Buren MHA
5														
197	SWMBH CMHP Subcontracts													
198	Subcontract Revenue	198,864,250	20,682,880	178,181,370	7,986,416	33,401,132	9,156,118	31,406,861	10,103,220	56,350,591	13,217,784	16,559,248		
199	Incentive Payment Revenue	334,638	196,441	138,197	3,177	29,122	-	88,425	-	-	17,473	-		
200	Contract Revenue	199,198,888	20,879,321	178,319,567	7,989,593	33,430,254	9,156,118	31,495,286	10,103,220	56,350,591	13,235,258	16,559,248		
201														
202	External Provider Cost	132,380,101	12,005,695	120,374,406	3,406,655	23,490,518	4,914,709	19,704,177	6,646,169	40,177,798	11,536,584	10,497,798		
203	Internal Program Cost	43,418,277	-	43,418,277	3,045,068	7,451,750	2,376,492	8,873,056	3,442,182	12,800,871	693,646	4,735,212		
204	SSI Reimb., 1st/3rd Party Cost Offset	(274,687)	-	(274,687)	(10,655)	-	-	(32,988)	-	(228,830)	(2,215)	-		
205	Insurance Provider Assessment Withhold (IPA)	3,595,740	3,595,740	-	-	-	-	-	-	-	-	-		
206	MHL Cost in Excess of Medicare FFS Cost	1,497,748	1,497,748	-	-	-	-	-	-	-	-	-		
207	Total Healthcare Cost	180,617,180	17,099,183	163,517,997	6,441,068	30,942,267	7,291,200	28,544,245	10,088,351	52,749,839	12,228,015	15,233,011		
208	Medical Loss Ratio (HCC % of Revenue)	90.7%	81.9%	91.7%	80.6%	92.6%	79.6%	90.6%	99.9%	93.6%	92.4%	92.0%		
209														
210	Managed Care Administration	18,219,404	5,327,756	12,891,648	855,906	2,824,592	1,035,277	2,466,741	854,273	2,232,822	977,057	1,644,979		
211	Admin Cost Ratio (MCA % of Total Cost)	9.2%	2.7%	6.5%	11.7%	8.4%	12.4%	8.0%	7.8%	4.1%	7.4%	9.7%		
212														
213	Contract Cost	198,836,584	22,426,939	176,409,645	7,296,975	33,766,859	8,326,478	31,010,986	10,942,624	54,982,661	13,205,072	16,877,990		
214	Net before Settlement	362,305	(1,547,617)	1,909,922	692,618	(336,605)	829,640	484,300	(839,404)	1,367,930	30,185	(318,742)		
215														
216	Prior Year Savings	23,380,922	23,380,922	-	-	-	-	-	-	-	-	-		
217	Internal Service Fund Risk Reserve	-	-	-	-	-	-	-	-	-	-	-		
218	Contract Settlement	(3,490,278)	(2,519,679)	(970,599)	(692,618)	336,605	(829,640)	(484,300)	839,404	(1,256,354)	797,562	318,742		
219	Net after Settlement	20,252,948	19,313,625	939,323	-	0	-	0	-	111,575	827,747	(0)		
220														
221														

	F	G	H	I	J	K	L	M	N	O	P	Q	R
1	Southwest Michigan Behavioral Health												
2	For the Fiscal YTD Period Ended 4/30/2023												
3	(For Internal Management Purposes Only)												
4	INCOME STATEMENT												
5		Total SWMBH	SWMBH Central	CMH Participants	Barry CMHA	Berrien CMHA	Pines Behavioral	Summit Pointe	Woodlands Behavioral	Integrated Services of Kalamazoo	St Joseph CMHA	Van Buren MHA	
222	State General Fund Services												
223	Contract Revenue			HCC%	2.4%	6.2%	2.3%	3.8%	3.0%	5.8%	1.1%	1.4%	2.5%
224					7,501,969	485,669	1,288,224	556,695	1,083,656	505,803	2,275,301	608,160	698,461
225	External Provider Cost				665,534	55,490	85,894	20,421	96,924	335,542	-	-	71,263
226	Internal Program Cost				2,661,803	367,357	629,838	264,106	791,806	286,952	-	-	321,744
227	SSI Reimb, 1st/3rd Party Cost Offset				-	-	-	-	-	-	-	-	-
228	Total Healthcare Cost				3,327,336	422,846	715,732	284,527	888,730	622,495	-	-	393,007
229	Medical Loss Ratio (HCC % of Revenue)				44.4%	87.1%	55.6%	51.1%	82.0%	123.1%	0.0%	0.0%	56.3%
230													
231	Managed Care Administration				471,007	63,635	58,650	51,607	215,567	32,421	-	-	49,127
232	Admin Cost Ratio (MCA % of Total Cost)				12.4%	13.1%	7.6%	15.4%	19.5%	5.0%	0.0%	0.0%	11.1%
233													
234	Contract Cost				3,798,344	486,481	774,382	336,134	1,104,298	654,916	-	-	442,134
235	Net before Settlement				3,703,625	(812)	513,842	220,561	(20,642)	(149,113)	2,275,301	608,160	256,327
236													
237	Other Redistributions of State GF				(1,116,564)	-	(615,579)	(158,898)	(278,012)	65,492	232,689	33,128	(395,384)
238	Contract Settlement				(75,061)	(75,061)	-	-	-	-	-	-	-
239	Net after Settlement				2,512,001	(75,872)	(101,736)	61,662	(298,654)	(83,621)	2,507,990	641,289	(139,057)
240													

SWMBH SERVICES ADMINISTRATIVE CONTRACTS

(October 2022- March 2023)

AUNALYTICS

Deliverables/Services	<ul style="list-style-type: none"> Provides Data Center & Storage Services Web Hosting Cloud Computing Services Network Infrastructure VOIP Wireless Communications Hardware and Software Needs (with Helpdesk Support) Related Project Management
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FY23 Expenditure: \$199,420 (FY22 Expenditure: \$162,229)

BAUCKHAM, SPARKS, THALL, SEEGER & KAUFMAN P.C.

Deliverables/Services	<ul style="list-style-type: none"> Medicaid fair hearing counsel: Act as legal representation on behalf of SWMBH and participant CMHSP's for the Fair Hearing process Perform tasks related to Fair Hearing preparation process: Record review, witness preparation and interviews Hearing Summary preparation Legal consultation related to Fair Hearing process
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FY23 Expenditure: \$0 (FY22 Expenditure: \$1,296)

BLUE FIRE MEDIA, INC

Deliverables/Services	<ul style="list-style-type: none"> Supports the SWMBH public website
	FY23 Expenditure: \$1,030 (FY22 Expenditure: \$1,275)

CAPITOLINE CONSULTING

Deliverables/Services	<ul style="list-style-type: none"> Consultation service on federal policy, regulations & funding opportunities Secure materials and prepare briefs summarizing attended events
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FY23 Expenditure: \$6,000 (FY22 Expenditure: \$10,375)

CONTRACT PHYSICIANS

Deliverables/Services	<ul style="list-style-type: none"> Program policy issue consultation Service guideline consultation and review Medical policy review and approval SWMBH credentialing panel participant Consultation provided to Member Services and Contractor Network Management as necessary On-call Medical decisions with Utilization Management during non-business hours BH Human Resource Management Committee consultant
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FY23 Expenditure: \$25,444 (FY22 Expenditure: \$19,974)

DOERSCHLER & ASSOCIATES	
Deliverables/Services	<ul style="list-style-type: none"> Fiduciary Advisors for retirement plans
	FY23 Expenditure: \$11,280 (FY22 Expenditure: N/A)
HEALTH MANAGEMENT ASSOCIATES	
Deliverables/Services	<ul style="list-style-type: none"> Technical assistance on emerging regulatory initiatives regarding population health management, duals, opioid health homes and data analytics
	FY23 Expenditure: \$6,233 (FY22 Expenditure: \$100,125)
MORC, INC	
Deliverables/Services	<ul style="list-style-type: none"> Support intensity scale assessment training
	FY23 Expenditure: \$1,920 (FY22 Expenditure: N/A)
PARMENTER & ASSOCIATES -Ended FY22	
Deliverables/Services	<ul style="list-style-type: none"> General legal counsel
	FY23 Expenditure: N/A (FY22 Expenditure: \$975)
PHD CONSULTANTS/LIGHTHOUSE BEHAVIORAL HEALTH	
Deliverables/Services	<ul style="list-style-type: none"> Mental Health Parity project Clinical consultation and project management
	FY23 Expenditure: \$1,875 (FY22 Expenditure: \$10,200)
PREST AND ASSOCIATES	
Deliverables/Services	<ul style="list-style-type: none"> Health Plan professional independent review and consulting service Utilization reviews concerning medical necessity and/or medical appropriateness of treatment
	FY23 Expenditure: \$1,154 (FY22 Expenditure: \$308)
PROTOCOL	
Deliverables/Services	<ul style="list-style-type: none"> On-call crisis intervention counseling and related reporting
	FY23 Expenditure: \$66,826 (FY22 Expenditure: \$21,231)
QUEST ANALYTICS, LLC	
Deliverables/Services	<ul style="list-style-type: none"> Annual Software licensing cost To Provide Network Adequacy analysis
	FY23 Expenditure: \$8,545 (FY22 Expenditure: \$8,888)

RELIAS POPULATION HEALTH (FORMERLY CARE MANAGEMENT TECHNOLOGIES, INC)	
Deliverables/Services	<ul style="list-style-type: none"> Licensed proprietary healthcare data analytics solution Analyze data in order to determine opportunities for improving care and decreasing costs for SWMBH and CMHSPs Install and manage population health and case level user application
	FY23 Expenditure: \$92,550 (FY22 Expenditure: \$69,499)
ROSE ST ADVISORS/HRM INNOVATIONS, INC	
Deliverables/Services	<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"> Cultural Insights Surveys Strategic leadership planning Human Resource Consulting Recruiting
	FY23 Expenditure: \$28,600 (FY22 Expenditure: \$10,950)
ROSLUND PRESTAGE & COMPANY, P.C	
Deliverables/Services	<ul style="list-style-type: none"> Financial, Compliance, and Single audit
	FY23 Expenditure: \$46,150 (FY22 Expenditure: \$46,750)
STREAMLINE HEALTHCARE SOLUTIONS	
Deliverables/Services	<ul style="list-style-type: none"> Streamline Care Management System is a desktop application used to manage and pay external providers
	FY23 Expenditure: \$134,128 (FY22 Expenditure: \$135,506)
TBD SOLUTIONS LLC	
	<ul style="list-style-type: none"> Level of Care Data Analytics and Guidelines project Strategic Planning Support Internal Functional assessment of UM Call Center and Provider Network
	FY23 Expenditure: \$25,091 (FY22 Expenditure: \$16,214)
VARNUM LLP	
Deliverables/Services	<ul style="list-style-type: none"> General Counsel Retirement plans and labor law legal consultation
	FY22 Expenditure: \$45,828 (FY21 Expenditure: \$9,437)
VOICES FOR HEALTH	
Deliverables/Services	<ul style="list-style-type: none"> Translation and Interpretation services
	FY23 Expenditure: \$1,480 (FY22 Expenditure: \$2,458)

Contract Services (through March 31, 2023)

FY 2023 Actual: \$703,554

FY 2022 Actual: \$627,690

Delta \$: 75,864

Delta %: 12.09



Environmental Scan and Strategic Imperatives

June 9, 2023 SWMBH Board Meeting

Date

Environmental Scan

- Renewed threat to public behavioral health system and PIHPs from HB 4577
- 2024 Presidential and other federal and state election cycles underway
- Michigan DHHS Medicaid Health Plan rebid underway
- Michigan MI Health Link sunsetting to Duals Special Needs Plan
- CMS and Michigan DHHS insistence on adherence to old and newly emerging Medicaid managed care federal regulations
- Heightened scrutiny from CMS and DHHS
- Public system transition demands



Strategic Imperatives

- Provider Network adequacy, access, and quality
- Cost-efficient, effective, and objectively proven central and delegated managed care administrative functions
- Improved Patient Outcomes in behavioral and physical health and in Social Determinants of Health
- Improved Patient Experience
- Improved Provider Experience
- Lower Cost of Care
- Preservation of resources
- Install and expand varying Health Homes
- Support and resource Member CMH transition needs

