



Southwest Michigan Behavioral Health Board Meeting
5250 Lovers Lane, Suite 200, Portage, MI 49002
July 10, 2026
2:00 pm to 3:30 pm
(d) means document provided
Draft: 6/30/26

1. **Welcome Guests/Public Comment**
2. **Agenda Review and Adoption (d) pg.1**
3. **Financial Interest Disclosure Handling**
 - William Mattson (Barry County SWMBH Board Alternate)
4. **Consent Agenda**
 - a. June 12, 2026, SWMBH Board Meeting Minutes (d) pg.3
 - b. June 5, 2026, Board Finance Committee Meeting Minutes (d) pg.7
 - c. June 24, 2026, Operations Committee Meeting Minutes (d) pg.9
5. **Fiscal Year 2026 Year to Date Financial Statements and Cash Flow Analysis**
 - a. Financials (G. Guidry (d) pg.13
 - b. Fiscal Year 2027 Budget Update (G. Guidry)
 - c. Operations Committee
6. **CMH Board Updates**

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

 - Barry
 - Berrien
 - Branch
 - Calhoun
 - Cass
 - Kalamazoo
 - St. Joseph
 - Van Buren
7. **Required Approvals**
 - Operating Agreement (d) pg.33
8. **Ends Metrics Updates (*Requires motion)**
 - None scheduled
9. **Board Actions to be Considered**
 - a. Executive Officer Employment Agreement (S. Sherban)
 - b. MCIS System - Management Recommendation (M. Todd) (d) pg.46

10. Board Policy Review

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

- None scheduled

11. Executive Limitations Review

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

- None scheduled

12. Board Education

- None scheduled

13. Communication and Counsel to the Board

- PIHP Litigation and new RFP Updates (M. Todd) (d) pg.48
- Governor Gretchen Whitmer Announcement – Elizabeth Hertel (M. Todd) (d) pg.53
- Intergovernmental Agreement (M. Todd) (d) pg.54
- 2026 Board Attendance report & Board Roster (d) pg.61
- MCHE-Wakely SOW (d) pg.63
- Jeff Patton’s Retirement Celebration- July 10, 2026 4:30pm @ Kalamazoo Valley Community College – Marilyn J. Schlack Culinary and Allied Health Building, 418 E. Walnut St. Kalamazoo, MI 49007 (Directions via vehicle navigation, see [here](#), or handout)
- August Board Policy Direct Inspection – 2.2 Treatment of Staff (J. Kniaz)

14. Public Comment

15. 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
August 14, 2026
9:30 am - 11:30 am**



Board Meeting Minutes

June 12, 2026

5250 Lovers Lane, Suite 200, Portage, MI 49009

9:30 am-11:30 am

Draft: 6/15/26

Members Present: Sherii Sherban, Tom Schmelzer, Michael Seals, Allen Edlefson, Jeff Kniaz, Tina Leary

Members Present via MS Teams: Kayla Wisniewski

Members Absent: Carol Naccarato

Guests Present: Mila Todd, Interim CEO, SWMBH; Garyl Guidry, Chief Financial Officer, SWMBH; Natalie Spivak, Chief Information Officer, SWMBH; Joel Smith, Director of Substance Use Disorder Treatment and Prevention Services, SWMBH; Ella Philander, Executive Project Manager, SWMBH; Michelle Jacobs, Senior Operations Specialist & Rights Advisor, SWMBH; Alison Strasser, Interim Compliance Officer, SWMBH; Ric Compton, Riverwood; Jon Houtz, Board Alternate; Jeannie Goodrich, Summit Pointe; Cameron Bullock, Pivotal

Guests Present via MS Teams:

Debbie Hess, Van Buren CMH; Sue Germann, Pines BH; Michael Mallory, Woodlands; Gail Patterson-Gladney, Board Alternate

Welcome Guests

Sherii Sherban called the meeting to order at 9:32am.

Public Comment

None

Agenda Review and Adoption

Motion Jeff Kniaz moved to approve the agenda as presented.

Second Tom Schmelzer

Motion Carried

Financial Interest Disclosure (FID) Handling

None

Consent Agenda

Motion Tom Schmelzer moved to approve May 8, 2026, Board meeting minutes; May 1, 2026, Board Finance Committee meeting minutes; and the May 13 and May 27, 2026, Operations Committee meeting minutes as presented

Second Jeff Kniaz

Motion Carried

Fiscal Year 2026 Year to Date Financial Statements and Cash Flow Analysis

Garyl Guidry presented Period 7 financial statements as documented and noted:

- Period 7 eligibles TANF and HMP down with DABS static
- Revenue, expenses and balance reviewed
- \$15 million surplus in Medicaid
- \$4.2 million deficit in Health Michigan Plan
- Net surplus of \$11 million
- PA2 and PA2 fund balances reviewed
- \$13 million surplus as of P07 on the Income Statement, annualizes to \$22.4M surplus, the projected surplus should be \$32 million
- Last PIHP Operations Committee meeting MDHHS stated a mid-year rate adjustment will be issued (they did not reveal when or how much)
- Period 8 Variance Report reviewed noting HMP and TANF down with a 500 eligible loss in DABS. Period 8 surplus should be \$10 million higher than current revenue
- MDHHS held first Fiscal Year 2027 rate meeting noting that they could see the eligibles decline but provided no new information or news on HR1 implementation or possible ramifications.
- MDHHS confirmed verbally that there will be a FY26 mid-year rate adjustment. No further details provided yet.
- Fiscal Year 2025 deficit was discussed again with MDHHS. They acknowledged a need for resolution by the end of Fiscal Year 2026. SWMBH performed their due diligence and submitted the Board approved deficit elimination plan to both the State Department of Treasury and MDHHS.
- MDHHS mentioned a need for a 3 year Strategic SUD Plan
Discussion followed

Operations Committee Update

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

CMH Board Updates

Barry-Mila Todd and Garyl Guidry attended the last meeting and the Board appreciated their insight. Policies and insurances were reviewed

Berrien- reviewed programs and services, HMP requirements and other various reports. CARF accreditation was achieved

Branch-no quorum, next meeting June 23

Calhoun- mobile crisis unit being launched, "the energy bus" author came to all staff, post-prevention suicide programs "un-silenced" with Kazoo

Cass-eligibles are trending down. Thanked Mila Todd and Garyl Guidry for their insight

Kalamazoo-Jeff Patton's retirement celebration is July 10th, 4:30pm at KVCC Culinary School on Walnut. Beth Ann Meints taking over as CEO. Board is concerned about carrying receivables into 2027.

St. Joseph-due to road and building construction things at Pivotal are very challenging

Van Buren-met Monday, vacancies filled and Ends monitoring reviewed

Ends Metrics Updates

None

Board Actions to be Considered

Board Cost of Governance

Mila Todd reported as documented noting the Board Policy reference of 3.8.2.

Motion Tom Schmelzer moved to approve the Board Cost of Governance as presented.

Second Allen Edlefson

Motion Carried

July Board Meeting Time

Sherii Sherban discussed July 10th meeting time and Jeff Patton's retirement celebration.

Motion Jeff Kniaz moved to change the July 10th Board meeting time to 2pm so that Board members can attend Jeff Patton's retirement celebration.

Second Michael Seals

Motion Carried

Board Policy Review

1.0 Ends Global Statement; 3.6 Board Committee Principles; 3.7 Board Committees; 3.8 Cost of Governance; 4.1 Unity of Control; 4.3 Delegation to Executive Officer

Sherii Sherban reported as documented Board had no questions on policies.

Motion Tom Schmelzer moved that the Board is in Compliance with policies 1.0 Ends Global Statement; 3.6 Board Committee Principles; 3.7 Board Committees; 3.8 Cost of Governance; 4.1 Unity of Control; 4.3 Delegation to Executive Officer and the policies do not need revision.

Second Michael Seals

Motion Carried

Executive Limitations Review

2.3 Financial Planning and Budgeting

Sherii Sherban reported as documented. Tom Schmelzer noted that this policy was reviewed at the last Board Finance Committee meeting. Discussion followed.

Motion Tom Schmelzer moved that the Interim Executive Officer is in compliance with Policy 2.3 Financial Planning and Budgeting and the Policy does not need revision.

Second Michael Seals

Motion Carried

Board Education

Problem Gambling Program-Overview and Screening Results

Joel Smith reported as documented. Discussion followed.

Information Systems Overview

Natalie Spivak reported as documented. Discussion followed.

Communication and Counsel to the Board

PIHP Litigation and PIHP Post Procurement Cancellation Updates

Mila Todd reported as documented and noted the following:

- No new RFP has been released as of today's date
- Plaintiffs filed an appeal, no response yet

- Continue to hear rumors that MDHHS will issue a new RFP. Lots of factors may impact any future RFP including the House Budget boilerplate potentially getting included in the final Budget, election year and possible resignation at MDHHS
- SWMBH region continues to address criticisms of Public Behavioral Health System with advocacy and positioning while reviewing opportunities for CMHSPs regarding another RFP release (CMHAM documented in packet for Board’s review). This work includes cross-region collaboration between SWMBH CMHs and MSHN CMHs.
Discussion followed.

Michigan’s Medicaid Program May 2026

Mila Todd reported as documented. Discussion followed.

2026 Board Attendance Report

Document included in the packet for the Board’s review. Sherii Sherban expressed a desire for additional information.

Board Policy Governance Education Options

Mila Todd stated that she reached out to Susan Radwan about a half day governance education training if the Board would be willing to watch an hour and a half video prior to her training. Board members agreed to watch the video and would like to schedule the education for the August Board meeting.

July Board Policy Direct Inspection

None

PCE Update

Mila Todd stated that SWMBH and Mid State Health Network met and had a PCE tour/walk through on areas and systems of operation. SWMBH is compiling data and will make a management recommendation to the Board at its July Board meeting.

Public Comment

Sherii Sherban stated that a proposed Employment Agreement was sent to Mila Todd for her review regarding the SWMBH Executive Officer position.

Adjournment

Sherii Sherban adjourned at 11:25am



Board Finance Committee Meeting Minutes

June 5, 2026

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

1:00-2:30 pm

Draft: 6/5/26

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

Guests: Amy Rottman, Sherii Sherban

Members Absent: None

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

Central Topics

Review prior meeting minutes

Motion Carol Naccarato moved to approve the minutes as presented.
Second Allen Edlefsen
Motion Carried

SWMBH YTD financial statements

Garyl Guidry presented Period 7 financial statements as documented and noted:

- Eligibles- DABS are static; TANF and HMP are down and down from what Milliman projected
- MDHHS stated in a meeting yesterday that there will be a mid-year rate adjustment. Unknown when or how much.
- Reviewed year-to-date revenue and expenses (\$9.4 million shortfall)
- Period 7 \$15 million in Medicaid funds
- Period 7 \$4.2 million shortfall in Health Michigan Plan
- Period 7 SUD PA2 fund balance projected to be utilized more due to sunseting grant fund programs
- Period 7 \$5.7 million surplus with an annualized projection of \$22 million surplus
- Internal Service Fund max is \$22 million with an additional \$4 to \$5 million in Medicaid savings
- Fiscal Year 2025 deficit. State sees the PA2 find balance and CMH local find balances. SWMBH management is not comfortable utilizing those funds to offset the deficit. Deficit Elimination Plan was accepted n by the Department of Treasury and will now be sent to MDHHS.

Discussion followed.

SWMBH Revenue Variance Report

Garyl Guidry reviewed Period 8 variance report noting all eligibles are trending down and there is a \$10.25 million shortfall of what the State said to expect. Another email will be sent to the State regarding the status of the October and November 2025 HAB Waiver payment. Discussion followed.

SWMBH Check Registers

Garyl Guidry reported as documented. Questions on Autism services followed by a summarization of the May 27th Regional Service Use Evaluation meeting covering regional service expenditures, assessment and monitoring tools, plans and next steps. Discussion followed.

SWMBH Cash Flow Analysis

Garyl Guidry reported as documented highlighting receivables and cost settlements. Each CMH will be cost settled by the end of the fiscal year with the exception of ISK who can carry a receivable until June of 2027. Discussion followed.

2.3 Financial Planning and Budgeting

Committee reviewed the policy and the EO response and plans to approve at the June Board meeting.

Michigan Medicaid Program Updates

Mila Todd reported as documented. Discussion followed.

Historical Board Costs

Committee reviewed the report and plans to approve the costs for Fiscal Year 2027 at the June Board meeting.

September 4th Board Finance Committee Meeting

Due to the holiday on September 4th Tom Schmelzer moved the Board Finance Committee meeting to September 3rd at the same time.

Adjourn

Motion Carol Naccarato moved to adjourn

Second Michael Seals

Motion Carried

Meeting adjourned at 2:20pm

| | |
|-------------------|---|
| Date: | 6/24/26 |
| Time: | 9:00 am – 11:00 am |
| Facilitator: | Rich |
| Minute Taker: | Cameron |
| Meeting Location: | MS Teams only Click here to join the meeting |

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

Version 06/17/26

| Agenda Topics: | Discussion Points: | Minutes: |
|--|--|--|
| 1. Agenda Review & Adoption (d) | | |
| 2. Prior Meeting Minutes Review (d) | | In last board meeting |
| 3. Financial Stability a. SWMBH Period 08 financials (if available) b. State/Milliman Meeting Updates c. Rehmann Financial Reporting Consultation | <ul style="list-style-type: none"> Regional Rate development – calculation evaluation (SWMBH/ISK) | <ul style="list-style-type: none"> Financials not in yet, due yesterday, and off to Rehmann. Compliance exams are in varying stages of completion Mid-Year Rate Adjustment has been confirmed; no actual dates or monies have been confirmed at this point in time. FY 27 Revenue rates – Draft rates should be available late June, early July. |

| | | |
|---|--|--|
| | | <ul style="list-style-type: none"> • Mid-Year status report is due June 30th. Interim FSR is due August 31st. |
| 4. FY27 Regional Budget | | <ul style="list-style-type: none"> • Budget Calendar – Has been sent out. Waiting for rates before the Regional Finance meeting will be scheduled. |
| 5. FY25 Deficit Handling | | <ul style="list-style-type: none"> • Meeting scheduled with State on Monday, 6/29/26. |
| 6. Operating Agreement | <ul style="list-style-type: none"> • Scheduled for SWMBH Board review in July – any OC edits? | <ul style="list-style-type: none"> • No edits to the Ops Agreement. |
| 7. FY25 Statewide SUE preview | | <ul style="list-style-type: none"> • All 10 PIHPS have compiled data and created statewide SUE metrics. SWMBH is synthesizing the data to make it more manageable. • SWMBH SUE workgroup follow-up was sent out by Garyl to continue the work. Ask is to have CEOs review, add additional feedback, and then use that to be able to influence change for the region. Feedback due to Garyl by July 2nd. |
| 8. PIHP Competitive Procurement/System Improvement Opportunities | | <ul style="list-style-type: none"> • While MDHHS has not issued any formal communication related to another RFP, the MDHHS Vendor Opportunity Dashboard (DTMB - Vendor Opportunity Dashboard) was |

| | | |
|---|---|--|
| | | <p>updated very recently (sometime after Thursday) and now lists “Prepaid Inpatient Health Plans (PIHP)” as a New Bid with an anticipated RFP release date of August 2026 (see snippet below). There are still many factors that will necessarily affect whether an RFP is issued, whether current Regional Entities will be qualified bidders, and whether contracts are signed. These factors include, but are not limited to: the FY27 State Budget (recall the House Budget includes a prohibition on MDHHS issuing another RFP), a new Administration (legislature, Governor, MDHHS Director) in January (presumably before any new contracts would be signed), unknown bidder qualifications and contract specifications, etc.</p> |
| <p>9. November OC meeting (Veterans Day)</p> | | <ul style="list-style-type: none"> • Nov 11 meeting has been canceled. |
| <p>10. PCE discussion</p> | | <ul style="list-style-type: none"> • Mila to make a recommendation to have the board move forward with transitioning to PCE. |
| <p>11. Environmental Disruptors</p> | <ul style="list-style-type: none"> • CMS 0057 • CFAP Workgroup • Mental Health Framework | |

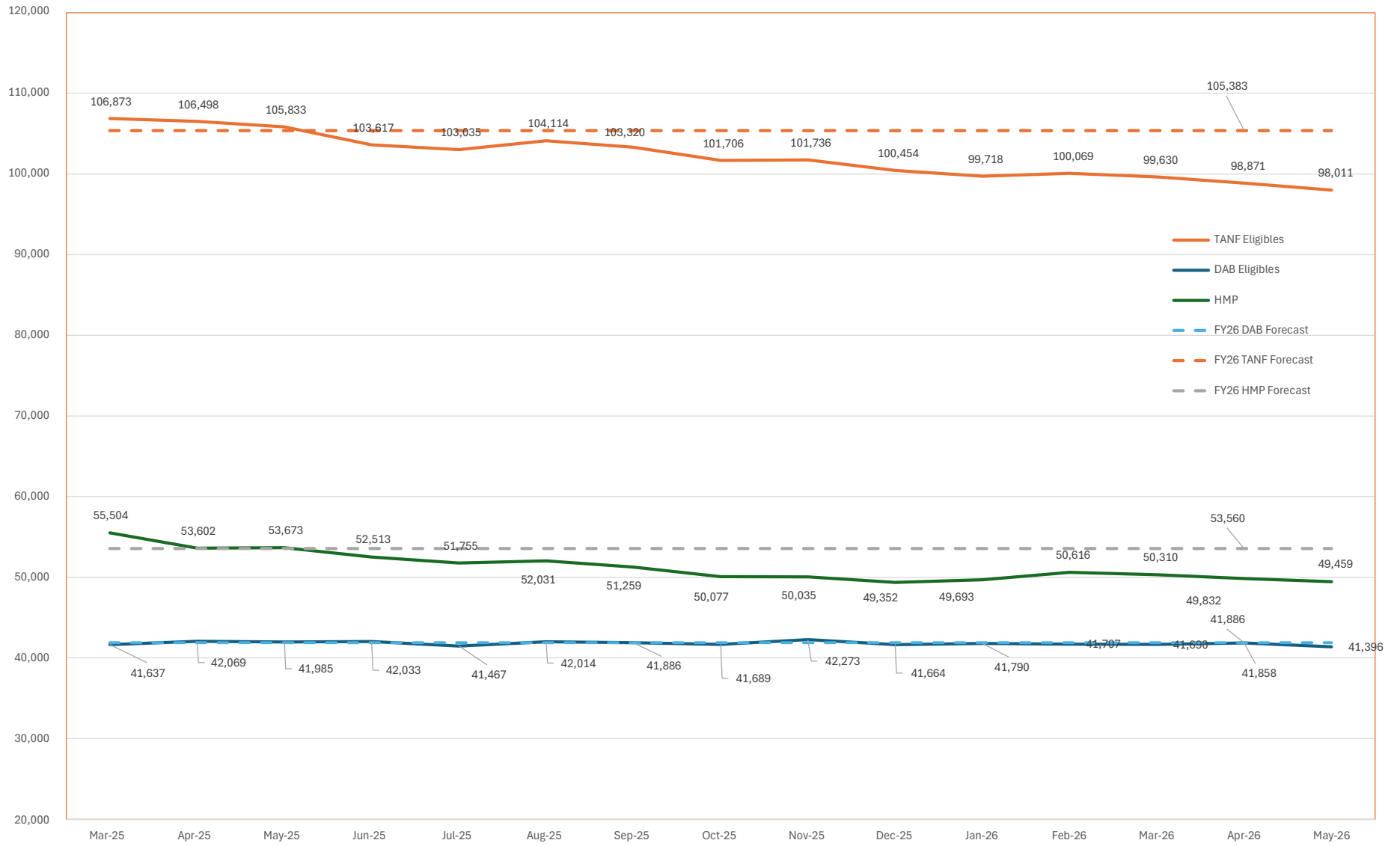
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| | | |
| 12. OC Projects Revisit | <ul style="list-style-type: none"> • Examples: PCE, SUE, rate development analysis, etc. | |
| 13. Parking Lot/On-hold Topics | <ul style="list-style-type: none"> • Assets & Liabilities Workgroup • FY25 PBIP Distribution | |
| 14. Self-D | <ul style="list-style-type: none"> • | Discussion ensued |
| 15. Mobile Crisis | <ul style="list-style-type: none"> • | Discussion ensued |
| 16. OBRA/Guardianships | <ul style="list-style-type: none"> • | Discussion ensued |
| 17. SWMBH Structure | <ul style="list-style-type: none"> • TBD | <ul style="list-style-type: none"> • Cost savings and time savings functions. • Reviewed overall structures compared to similarly sized PIHP and vacant positions and current pending retirements. • Considers transition to PCE as well. |
| 18. Next Meeting- July July Facilitator – Michael August- Debbie September - Ric | | |
| 19. 11-12 pm CMH CEOs | | |



May 2026

Monthly
Finance Report

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



| <u>SWMBH Through May</u> | <u>FY26</u> | <u>FY25</u> | <u>% Change YOY</u> | <u>\$ Change YOY</u> |
|---|--------------------|--------------------|---------------------|----------------------|
| State Plan MH | 58,516,082 | 65,091,719 | -10.1% | (6,575,637) |
| 1915i MH | 64,744,993 | 60,434,993 | 7.1% | 4,309,999 |
| Autism | 30,319,606 | 19,315,310 | 57.0% | 11,004,296 |
| <i>Habilitation Supports Waiver (HSW)</i> | 46,420,248 | 42,448,307 | 9.4% | 3,971,940 |
| <i>Child Waiver Program (CWP)</i> | 593,816 | 606,600 | -2.1% | (12,784) |
| <i>Serious Emotional Disturbances (SED)</i> | 467,217 | 340,954 | 37.0% | 126,263 |
| Net Capitation Payment | <u>201,061,651</u> | <u>188,237,883</u> | 6.8% | 12,823,768 |
| | | | | - |
| State Plan SA | 3,233,849 | 5,253,985 | -38.4% | (2,020,136) |
| Net Capitation Payment | <u>3,233,849</u> | <u>5,253,985</u> | -38.4% | (2,020,136) |
| | | | | - |
| Healthy Michigan Mental Health | 14,309,996 | 16,497,796 | -13.3% | (2,187,801) |
| Healthy Michigan Autism | 1,355 | 26,923 | -95.0% | (25,568) |
| Net Capitation Payment | <u>14,311,350</u> | <u>16,524,719</u> | -13.4% | (2,213,369) |
| | | | | - |
| Healthy Michigan Substance Abuse | 6,359,593 | 9,051,366 | -29.7% | (2,691,773) |
| Net Capitation Payment | <u>6,359,593</u> | <u>9,051,366</u> | -29.7% | |
| | | | | - |
| GRAND TOTAL | 224,966,443 | 219,067,953 | 2.7% | 5,898,490 |

as of 6/4/2026

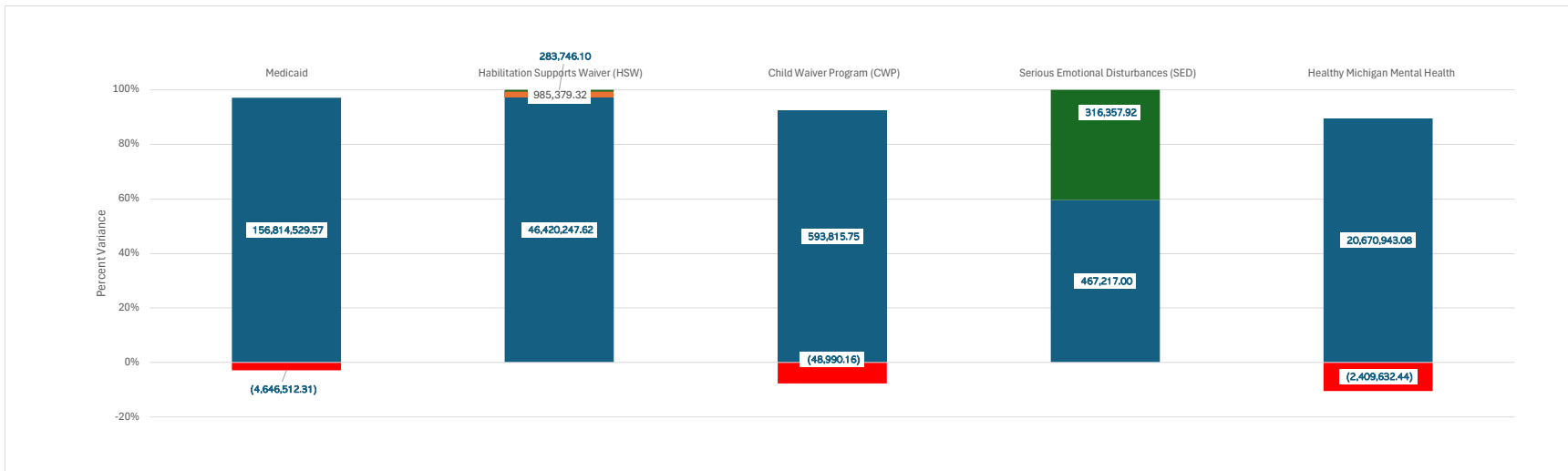
State Plan, 1915i, B3 and Autism have DAB and TANF payments included.

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

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



| Revenue Tracking of Expected Funds | FY26 Revenue | | | | | | FY26 Revenue YTD | | | | | |
|---------------------------------------|-----------------------|-----------------------|-------------------|-----------------------|------------------------|---------------|-----------------------|-----------------------|-------------------|-----------------------|-----------------------|---------------|
| | FY26 Budget | Actual Payment | Accrual | Actual Annualized | Variance \$ | Variance % | Budget YTD | Actual | Accrual | YTD | Variance \$ | % |
| Medicaid | 242,191,562.82 | 235,221,794.36 | - | 235,221,794.36 | (6,969,768.46) | -2.9% | 161,461,041.88 | 156,814,529.57 | - | 156,814,529.57 | (4,646,512.31) | -2.9% |
| Habilitation Supports Waiver (HSW) | 70,682,821.26 | 69,630,371.43 | 985,379.32 | 70,615,750.75 | (67,070.51) | -0.1% | 47,121,880.84 | 46,420,247.62 | 985,379.32 | 47,405,626.94 | 283,746.10 | 0.6% |
| Child Waiver Program (CWP) | 964,208.87 | 890,723.63 | - | 890,723.63 | (73,485.25) | -7.6% | 642,805.91 | 593,815.75 | - | 593,815.75 | (48,990.16) | -7.6% |
| Serious Emotional Disturbances (SED) | 226,288.62 | 700,825.50 | - | 700,825.50 | 474,536.88 | 209.7% | 150,859.08 | 467,217.00 | - | 467,217.00 | 316,357.92 | 209.7% |
| Healthy Michigan Mental Health | 34,620,863.28 | 31,006,414.62 | - | 31,006,414.62 | (3,614,448.66) | -10.4% | 23,080,575.52 | 20,670,943.08 | - | 20,670,943.08 | (2,409,632.44) | -10.4% |
| Overall Net Capitation Payment | 348,685,744.85 | 337,450,129.53 | 985,379.32 | 338,435,508.85 | (10,250,236.00) | -2.94% | 232,457,163.23 | 224,966,753.02 | 985,379.32 | 225,952,132.34 | (6,505,030.90) | -2.80% |



| |
|------------------|
| Budgeted Funds |
| Over - Variance |
| Under - Variance |
| Accrued Funds |

Southwest Michigan Behavioral Health

Funding Source Report - PIHP

October 1, 2025 through May 31, 2026

| Traditional Medicaid | Southwest Michigan MH | Southwest Michigan SUD | Barry County | Berrien County | Branch County | Calhoun County | Cass County | Kalamazoo County | St. Joseph County | Van Buren County | PIHP Total |
|-------------------------------------|-----------------------|------------------------|---------------------|-------------------|---------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|----------------------|
| Revenue | | | | | | | | | | | |
| Revenue Capitation (PEPM) | \$ 210,262,934 | \$ 3,233,849 | | | | | | | | | \$ 213,496,783 |
| CMHSP Distributions | (196,252,505) | - | 8,618,854 | 37,246,055 | 10,682,065 | 34,722,679 | 12,437,379 | 61,131,535 | 12,597,021 | 18,816,916 | - |
| 1st/3rd Party receipts | | | - | - | - | - | - | (1,992) | - | 1,491,804 | 1,489,812 |
| Net revenue | 14,010,429 | 3,233,849 | 8,618,854 | 37,246,055 | 10,682,065 | 34,722,679 | 12,437,379 | 61,129,543 | 12,597,021 | 20,308,721 | 214,986,595 |
| Expense | | | | | | | | | | | |
| PIHP Admin | 5,245,536 | 107,060 | | | | | | | | | 5,352,596 |
| ClaimsTax | 344,324 | - | | | | | | | | | 349,619 |
| Hospital Rate Adjuster | 5,168,811 | | | | | | | | | | 5,168,811 |
| Services - Managed Care | | - | 698,293 | 2,855,844 | 490,299 | 3,620,054 | 1,191,065 | 6,565,318 | 1,931,822 | 1,491,804 | 18,844,499 |
| Services - Internal | | - | 464,828 | 1,558,114 | 234,472 | 1,111,718 | 2,572,655 | 1,807,183 | 512,438 | 1,587,481 | 9,848,887 |
| Services - External | | 3,136,508 | 4,628,091 | 32,466,253 | 7,199,727 | 27,557,597 | 11,067,894 | 49,015,885 | 11,285,595 | 13,827,516 | 160,185,065 |
| Total expense | 10,758,671 | 3,243,568 | 5,791,211 | 36,880,210 | 7,924,498 | 32,289,369 | 14,831,614 | 57,388,386 | 13,729,855 | 16,906,801 | 199,749,478 |
| Net Actual Surplus (Deficit) | \$ 3,251,758 | \$ (9,719) | \$ 2,827,643 | \$ 365,845 | \$ 2,757,568 | \$ 2,433,310 | \$ (2,394,235) | \$ 3,741,157 | \$ (1,132,834) | \$ 3,401,920 | \$ 15,237,118 |

Southwest Michigan Behavioral Health

Funding Source Report - PIHP

October 1, 2025 through May 31, 2026

| Healthy Michigan | Southwest Michigan MH | Southwest Michigan SUD | Barry County | Berrien County | Branch County | Calhoun County | Cass County | Kalamazoo County | St. Joseph County | Van Buren County | PIHP Total |
|------------------------------|-----------------------|------------------------|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|-------------------|-------------------|-----------------------|
| Revenue | | | | | | | | | | | |
| Revenue Capitation (PEPM) | \$ 16,320,829 | \$ 6,359,594 | | | | | | | | | \$ 22,680,423 |
| CMHSP Distributions | (16,757,423) | - | 840,259 | 3,512,445 | 790,178 | 3,067,399 | 926,686 | 5,000,021 | 1,134,824 | 1,485,612 | - |
| 1st/3rd Party receipts | | | - | - | - | - | - | - | - | - | - |
| Net revenue | (436,594) | 6,359,594 | 840,259 | 3,512,445 | 790,178 | 3,067,399 | 926,686 | 5,000,021 | 1,134,824 | 1,485,612 | 22,680,423 |
| Expense | | | | | | | | | | | |
| PIHP Admin | 564,490 | 214,921 | | | | | | | | | 779,411 |
| Access Center | - | - | | | | | | | | | - |
| ClaimsTax | 132,541 | - | | | | | | | | | 132,541 |
| Hospital Rate Adjuster | 4,665,229 | | | | | | | | | | 4,665,229 |
| Services - Managed Care | | - | 218,678 | 305,070 | 66,058 | 675,325 | 140,629 | 355,225 | 220,596 | 199,371 | 2,180,953 |
| Services - Internal | | - | 53,957 | 136,065 | 27,254 | 50,371 | 972,110 | 3,852 | 12,519 | 12,844 | 1,268,972 |
| Services - External | | 6,296,464 | 740,914 | 1,957,978 | 506,951 | 3,030,082 | 601,826 | 2,745,996 | 632,639 | 725,210 | 17,238,060 |
| Total expense | 5,362,260 | 6,511,385 | 1,013,550 | 2,399,113 | 600,263 | 3,755,778 | 1,714,565 | 3,105,072 | 865,754 | 937,425 | 26,265,165 |
| Net Surplus (Deficit) | \$ (5,798,854) | \$ (151,791) | \$ (173,291) | \$ 1,113,332 | \$ 189,915 | \$ (688,379) | \$ (787,879) | \$ 1,894,948 | \$ 269,070 | \$ 548,187 | \$ (3,584,742) |

Southwest Michigan Behavioral Health

Funding Source Report - PIHP

October 1, 2025 through May 31, 2026

| SUD Block Grant | Southwest Michigan MH | Southwest Michigan SUD | Barry County | Berrien County | Branch County | Calhoun County | Cass County | Kalamazoo County | St. Joseph County | Van Buren County | PIHP Total |
|------------------------------|-----------------------|------------------------|--------------|----------------|---------------|----------------|-------------|------------------|-------------------|------------------|--------------|
| Revenue | | | | | | | | | | | |
| Payment | \$ - | \$ 4,458,334 | \$ 25,170 | \$ 130,197 | \$ 18,845 | \$ - | \$ 42,227 | \$ 74,638 | \$ 52,646 | \$ 42,490 | \$ 4,844,547 |
| 1st/3rd Party receipts | | | - | - | - | - | - | - | - | - | - |
| Net revenue | - | 4,458,334 | 25,170 | 130,197 | 18,845 | - | 42,227 | 74,638 | 52,646 | 42,490 | 4,844,547 |
| Expense | | | | | | | | | | | |
| PIHP Admin | - | | | | | | | | | | - |
| Services | | 3,889,564 | 25,170 | 473,459 | 56,917 | - | 87,878 | - | 82,888 | 228,671 | 4,844,547 |
| Total expense | - | 3,889,564 | 25,170 | 473,459 | 56,917 | - | 87,878 | - | 82,888 | 228,671 | 4,844,547 |
| Net Surplus (Deficit) | \$ - | \$ 568,770 | \$ - | \$ (343,262) | \$ (38,072) | \$ - | \$ (45,651) | \$ 74,638 | \$ (30,242) | \$ (186,180) | \$ - |

Southwest Michigan Behavioral Health

Funding Source Report - PIHP

October 1, 2025 through May 31, 2026

| CCBHC - Medicaid | Southwest Michigan MH | Southwest Michigan SUD | Barry County | Berrien County | Branch County | Calhoun County | Cass County | Kalamazoo County | St. Joseph County | Van Buren County | PIHP Total |
|------------------------------|-----------------------|------------------------|----------------|----------------|---------------|----------------|-------------|------------------|-------------------|------------------|---------------|
| Revenue | | | | | | | | | | | |
| CCBHC Revenue | \$ - | \$ - | \$ 1,826,882 | \$ 6,062,363 | \$ 2,196,793 | \$ 7,095,193 | | \$ 16,634,902 | \$ 5,202,974 | \$ 3,054,086 | \$ 42,073,193 |
| 1st/3rd Party receipts | | | (60,250) | (133,389) | (44,484) | - | | (265,109) | - | - | (503,232) |
| Net revenue | - | - | 1,766,631 | 5,928,974 | 2,152,309 | 7,095,193 | | 16,369,794 | 5,202,974 | 3,054,086 | 41,569,960 |
| Expense | | | | | | | | | | | |
| Services | | | 3,081,359 | 5,844,183 | 2,979,312 | 7,716,182 | | 15,783,611 | 3,037,018 | 3,670,286 | 42,111,951 |
| Total expense | - | - | 3,081,359 | 5,844,183 | 2,979,312 | 7,716,182 | | 15,783,611 | 3,037,018 | 3,670,286 | 42,111,951 |
| Net Surplus (Deficit) | \$ - | \$ - | \$ (1,314,727) | \$ 84,790 | \$ (827,003) | \$ (620,990) | | \$ 586,183 | \$ 2,165,956 | \$ (616,199) | \$ (541,990) |

Southwest Michigan Behavioral Health

Funding Source Report - PIHP

October 1, 2025 through May 31, 2026

| CCBHC - Healthy Michigan | Southwest Michigan MH | Southwest Michigan SUD | Barry County | Berrien County | Branch County | Calhoun County | Cass County | Kalamazoo County | St. Joseph County | Van Buren County | PIHP Total |
|------------------------------|-----------------------|------------------------|--------------|----------------|---------------|----------------|-------------|------------------|-------------------|------------------|---------------|
| Revenue | | | | | | | | | | | |
| CCBHC Revenue | \$ - | \$ - | \$ 786,408 | \$ 2,617,679 | \$ 745,186 | \$ 2,585,078 | | \$ 5,472,096 | \$ 4,150,494 | \$ - | \$ 16,356,942 |
| 1st/3rd Party receipts | | | (7,643) | (19,659) | (9,392) | - | | (47,323) | - | - | (84,018) |
| Net revenue | - | - | 778,765 | 2,598,020 | 735,794 | 2,585,078 | | 5,424,773 | 4,150,494 | - | 16,272,924 |
| Expense | | | | | | | | | | | |
| Services | | | 1,489,857 | 2,512,557 | 864,897 | 2,765,102 | | 5,718,884 | 974,762 | 1,062,497 | 15,388,556 |
| Total expense | - | - | 1,489,857 | 2,512,557 | 864,897 | 2,765,102 | | 5,718,884 | 974,762 | 1,062,497 | 15,388,556 |
| Net Surplus (Deficit) | \$ - | \$ - | \$ (711,091) | \$ 85,464 | \$ (129,103) | \$ (180,024) | | \$ (294,111) | \$ 3,175,731 | \$ (1,062,497) | \$ 884,368 |

Southwest Michigan Behavioral Health

Funding Source Report - SUD

October 1, 2025 through May 31, 2026

| Substance Use Disorder Prevention & Treatment | Medicaid | Healthy Michigan | Opioid Health Home | SUD Grants | Other Grants | PA2 | Total SUD |
|--|--------------|---------------------|--------------------------|---------------|-----------------|--------------|---------------|
| Revenue | \$ 3,233,849 | \$ 6,359,594 | \$ 981,909 | \$ 4,844,547 | \$ 74,047 | \$ 1,242,558 | \$ 16,736,504 |
| Expense | | | | | | | |
| Administration | 107,060 | 214,921 | (0) | - | - | | 348,227 |
| Access Center | - | - | - | - | - | | - |
| Claims Tax | - | - | - | | | | - |
| | 107,060 | 214,921 | (0) | - | - | - | 348,227 |
| Treatment Services | | | | | | | |
| Outpatient | 421,355 | 846,879 | 768,920 | 129,430 | - | - | 2,166,584 |
| Intensive outpatient | 1,494 | 7,127 | - | 3,908 | - | - | 12,529 |
| Detox services | 339,667 | 653,152 | - | 79,921 | - | - | 1,072,740 |
| Residential | 1,300,888 | 2,967,523 | - | 355,772 | - | - | 4,624,183 |
| Methodone | 852,551 | 1,371,279 | - | 119,337 | - | - | 2,343,167 |
| Assessments and evaluation | 220,553 | 450,504 | - | 54,418 | - | - | 725,475 |
| Transportation | - | - | - | 153 | - | - | 153 |
| Room & Board | - | - | - | 1,034,039 | - | - | 1,034,039 |
| Total treatment services | 3,136,508 | 6,296,464 | 768,920 | 1,776,978 | - | - | 11,978,870 |
| Other grant services | - | - | (1) | 3,067,569 | 74,047 | 1,242,558 | 4,384,173 |
| Total expense | 3,243,568 | 6,511,385 | 768,919 | 4,844,547 | 74,047 | 1,242,558 | 16,711,270 |
| Net Surplus (Deficit) | \$ (9,719) | \$ (151,791) | \$ 212,990 | \$ - | \$ - | \$ - | \$ 25,234 |

Southwest Michigan Behavioral Health

Funding Source Report - SUD

October 1, 2025 through May 31, 2026

| Substance Use Disorder Prevention & Treatment | Community Grant | Women's Specialty | State Disability Assistance | Prevention | Michigan SOR III | Healing & Recovery Infrastructure | Recovery Incentives Infrastructure | Gambling Prevention Specialist | Alcohol Use Disorder | Total SUD Grants |
|--|--------------------|----------------------|-----------------------------------|------------------|---------------------|---|--|--------------------------------------|----------------------------|------------------------|
| Revenue | \$ 2,365,346 | \$ 102,329 | \$ 94,662 | \$ 1,137,248 | \$ 773,037 | \$ 108,684 | \$ 86,615 | \$ 110,935 | \$ 65,691 | \$ 4,844,547 |
| Expense | | | | | | | | | | |
| Administration | - | - | - | - | - | - | - | - | - | - |
| Access Center | - | - | - | - | - | - | - | - | - | - |
| Claims Tax | - | - | - | - | - | - | - | - | - | - |
| Treatment Services | | | | | | | | | | |
| Outpatient | 129,430 | - | - | - | - | - | - | - | - | 129,430 |
| Intensive outpatient | 3,908 | - | - | - | - | - | - | - | - | 3,908 |
| Detox services | 79,921 | - | - | - | - | - | - | - | - | 79,921 |
| Residential | 355,772 | - | - | - | - | - | - | - | - | 355,772 |
| Methodone | 119,337 | - | - | - | - | - | - | - | - | 119,337 |
| Assessments and evaluation | 54,418 | - | - | - | - | - | - | - | - | 54,418 |
| Transportation | 153 | - | - | - | - | - | - | - | - | 153 |
| Room & Board | 1,034,039 | - | - | - | - | - | - | - | - | 1,034,039 |
| Total treatment services | 1,776,978 | - | - | - | - | - | - | - | - | 1,776,978 |
| Other grant services | 588,368 | 102,329 | 94,662 | 1,137,248 | 773,037 | 108,684 | 86,615 | 110,935 | 65,691 | 3,067,569 |
| Total expense | 2,365,346 | 102,329 | 94,662 | 1,137,248 | 773,037 | 108,684 | 86,615 | 110,935 | 65,691 | 4,844,547 |
| Net Surplus (Deficit) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

Southwest Michigan Behavioral Health

Funding Source Report - SUD PA2

October 1, 2025 through May 31, 2026

| Substance Use Disorder Prevention & Treatment | Barry County | Berrien County | Branch County | Calhoun County | Cass County | Kalamazoo County | St. Joseph County | Van Buren County | Total |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|----------------------|---------------------|---------------------|
| Revenue | \$ 49,926 | \$ 259,333 | \$ 11,085 | \$ 233,283 | \$ 51,099 | \$ 483,745 | \$ 101,114 | \$ 52,973 | \$ 1,242,558 |
| Expense | | | | | | | | | |
| Services | | | | | | | | | |
| Outpatient | \$ 49,926 | \$ 175,997 | \$ 11,085 | \$ 233,283 | \$ 51,099 | \$ 189,949 | \$ 61,504 | \$ 52,973 | \$ 825,816 |
| Residential | - | - | - | - | - | 139,167 | 39,610 | - | 178,777 |
| Supportive | - | - | - | - | - | 60,396 | - | - | 60,396 |
| Ancillary | - | - | - | - | - | 58,333 | - | - | 58,333 |
| Prevention | - | 83,336 | - | - | - | 35,900 | - | - | 119,236 |
| Total Services | <u>49,926</u> | <u>259,333</u> | <u>11,085</u> | <u>233,283</u> | <u>51,099</u> | <u>483,745</u> | <u>101,114</u> | <u>52,973</u> | <u>1,242,558</u> |
| Total expense | <u>49,926</u> | <u>259,333</u> | <u>11,085</u> | <u>233,283</u> | <u>51,099</u> | <u>483,745</u> | <u>101,114</u> | <u>52,973</u> | <u>1,242,558</u> |
| Net Surplus (Deficit) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| PA2 Balance forward | <u>\$ 815,386</u> | <u>\$ 831,013</u> | <u>\$ 632,599</u> | <u>\$ 213,071</u> | <u>\$ 544,350</u> | <u>\$ 2,129,245</u> | <u>\$ 382,689</u> | <u>\$ 686,784</u> | <u>\$ 6,235,136</u> |

Southwest Michigan Behavioral Health

Statement of Net Position

May 31, 2026

| | Mental Health | Risk Reserve Medicaid | Total PIHP Activities |
|-----------------------------------|----------------------|------------------------|-----------------------|
| Assets | | | |
| Cash Position | \$ 7,719,237 | \$ 799 | \$ 7,720,036 |
| Accounts Receivable | 5,800 | - | 5,800 |
| Due From Other Governmental Units | 17,685,911 | - | 17,685,911 |
| Due From Affiliates | 26,688,822 | - | 26,688,822 |
| Due from other funds | - | 806,099 | 806,099 |
| Prepaid Expenses | 453,855 | - | 453,855 |
| Capital assets being depreciated | 596,904 | - | 596,904 |
| Total assets | 53,150,529 | 806,898 | 53,957,427 |
| Liabilities | | | |
| Accounts payable | 8,284,261 | - | 8,284,261 |
| Accrued payroll and benefits | 2,007 | - | 2,007 |
| Due To Affiliates | 31,460,163 | - | 31,460,163 |
| Due to other funds | 806,099 | - | 806,099 |
| Compensated absences | 345,470 | - | 345,470 |
| Lease payable | 627,025 | - | 627,025 |
| Unearned revenue | 6,235,134 | - | 6,235,134 |
| Total liabilities | 47,760,159 | - | 47,760,159 |
| Total net position | \$ 19,947,909 | \$ (13,776,675) | \$ 6,197,268 |

Southwest Michigan Behavioral Health

Statement of Activities and Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds October 1, 2025 through May 31, 2026

| | Mental Health | Substance Use Disorder | Risk Reserve Medicaid | Total PIHP Activities |
|---|--------------------|------------------------|-----------------------|-----------------------|
| Operating revenue | | | | |
| Medicaid | \$ 202,438,373 | \$ 3,233,849 | \$ - | \$ 205,672,222 |
| Healthy Michigan | 14,311,350 | 6,359,594 | - | 20,670,944 |
| Medicaid Hospital Adjuster payment | 9,834,040 | - | - | 9,834,040 |
| Opioid Health Home | - | 981,909 | - | 981,909 |
| Behavioral Health Home | 31,104 | - | - | 31,104 |
| SUD Prevention and Treatment | - | 4,844,547 | - | 4,844,547 |
| Public Act 2 Local | - | 1,242,558 | - | 1,242,558 |
| Other Grant revenue | 136,116 | 74,047 | - | 210,163 |
| Performance based incentives/QBIP/OHH P4I | - | - | - | - |
| Interest revenue | 194,618 | - | 14 | 194,632 |
| Affiliate local drawdown | 568,346 | - | - | 568,346 |
| Other miscellaneous revenue | - | - | - | - |
| Total operating revenue | 227,513,947 | 16,736,504 | 14 | 244,250,465 |
| Operating expenses | | | | |
| General Administration: | | | | |
| Personnel | 3,880,214 | 317,116 | - | 4,197,330 |
| Facilities | 176,116 | 10,501 | - | 186,617 |
| Other | 1,405,469 | 20,610 | - | 1,426,079 |
| Claims and Use Taxes: | | | | |
| Medicaid Services | 349,619 | - | - | 349,619 |
| Healthy Michigan | 132,541 | - | - | 132,541 |
| Hospital Rate Adjuster | 9,834,040 | - | - | 9,834,040 |
| Payments to Affiliates/Providers: | | | | |
| Medicaid Services | 165,435,215 | 3,136,508 | - | 168,571,723 |
| Medicaid Services - OHH | - | 768,919 | - | 768,919 |
| Healthy Michigan Services | 33,208,436 | 6,296,464 | - | 39,504,900 |
| SUD Prevention and Treatment Grant: | | | | |
| Community Grant | - | 2,365,346 | - | 2,365,346 |
| Other community grant services | - | - | - | - |
| Other Woman's Specialty services | - | 102,329 | - | 102,329 |
| Prevention services | - | 1,137,248 | - | 1,137,248 |
| State Disability Assistance | - | 94,662 | - | 94,662 |
| State Opioid Response (SOR) | - | 773,037 | - | 773,037 |
| Healing and Recovery Infrastructure (HRCEI) | - | 108,684 | - | 108,684 |
| Recovery Incentives Infrastructure | - | 86,615 | - | 86,615 |
| Alcohol Use Disorder Treatment (AUD) | - | 65,691 | - | 65,691 |
| Gambling Disorder Prevention Grant | - | 110,935 | - | 110,935 |
| Public Act 2 expenses | - | 1,242,558 | - | 1,242,558 |
| Other grants | 158,846 | 74,047 | - | 232,893 |
| Behavioral health home services | 24,230 | - | - | 24,230 |
| Performance based incentives/QBIP/OHH P4I | - | - | - | - |
| OHH P4P Bonus Award | - | - | - | - |
| Local Match Drawdown | 568,346 | - | - | 568,346 |
| Total operating expenses | 215,173,072 | 16,711,270 | - | 231,884,342 |
| CY Unspent funds | 12,340,875 | 25,234 | 14 | 12,366,123 |

Southwest Michigan Behavioral Health

Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds

Budget to Actual - Mental Health

October 1, 2025 through May 31, 2026

| | Annual Budget | YTD Budget | YTD Actual | Positive (Negative) Variance | Percent Over (Under) Budget |
|---------------------------------|----------------------|----------------------|----------------------|------------------------------|-----------------------------|
| Operating revenue | | | | | |
| Medicaid: | | | | | |
| Capitation | \$ 306,106,224 | \$ 204,070,816 | \$ 202,438,373 | \$ (1,632,443) | (0.80%) |
| Carryover | | - | - | - | 0.00% |
| Healthy Michigan: | | | | | |
| Capitation | 22,201,491 | 14,800,994 | 14,311,350 | (489,644) | (3.31%) |
| HRA Revenue | 12,089,192 | 8,059,461 | 9,834,040 | 1,774,579 | 22.02% |
| Behavioral Health Home | - | - | 31,104 | 31,104 | 0.00% |
| Other Grant revenue | 580,000 | 386,667 | 136,116 | (250,551) | (64.80%) |
| Performance based incentives | 2,134,267 | 1,422,845 | - | (1,422,845) | (100.00%) |
| Affiliate local drawdown | 852,520 | 568,347 | 568,346 | (1) | (0.00%) |
| Interest and Other revenues | 47,805 | 31,870 | 194,618 | 162,748 | 510.66% |
| Other miscellaneous revenue | - | - | - | - | 0.00% |
| Total operating revenue | 344,011,499 | 229,340,999 | 227,513,947 | (1,827,052) | (0.80%) |
| Operating expenses | | | | | |
| General Administration: | | | | | |
| Personnel | 5,141,722 | 3,427,814 | 3,880,214 | (452,400) | (13.20%) |
| Facilities | 210,791 | 140,527 | 176,116 | (35,589) | (25.33%) |
| Other | 1,935,161 | 1,290,108 | 1,405,469 | (115,361) | (8.94%) |
| Insurance Provider Taxes | 2,910,115 | 1,940,077 | 482,160 | (482,160) | (24.85%) |
| Hospital Rate Adjuster | 12,089,192 | 8,059,461 | 9,834,040 | (1,774,579) | (22.02%) |
| Local Match Drawdown | 852,520 | 568,347 | 568,346 | 1 | 0.00% |
| Payments to Affiliates | 299,214,044 | 199,476,029 | 198,667,881 | 808,148 | 0.41% |
| Performance based incentives | - | - | - | - | 0.00% |
| Mental Health Grants | 580,000 | 386,667 | 158,846 | 227,821 | 58.92% |
| Total operating expenses | 322,933,545 | 215,289,030 | 215,173,072 | 115,958 | 0.05% |
| CY Unspent funds | 21,077,954 | 14,051,969 | 12,340,875 | 1,711,094 | |
| Unspent funds - beginning | 7,607,034 | 7,607,034 | 7,607,034 | - | |
| Unspent funds - ending | \$ 28,684,988 | \$ 21,659,003 | \$ 19,947,909 | \$ 1,711,094 | |

Southwest Michigan Behavioral Health

Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds

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

| | Annual Budget | YTD Budget | YTD Actual | Positive (Negative) Variance | Percent Over (Under) Budget |
|--|-------------------|-------------------|-------------------|------------------------------------|-----------------------------------|
| Operating revenue | | | | | |
| Medicaid | \$ 8,442,260 | \$ 5,628,173 | \$ 3,233,849 | \$ (2,394,324) | (42.54%) |
| Healthy Michigan | 12,419,373 | 8,279,582 | 6,359,594 | (1,919,988) | (23.19%) |
| Opioid Health Home | 1,871,969 | 1,247,979 | 981,909 | (266,070) | (21.32%) |
| SUD Treatment | 7,795,203 | 5,196,802 | 2,365,346 | (2,831,456) | (54.48%) |
| SUD Women's Specialty | - | - | 102,329 | 102,329 | 0.00% |
| SUD state disability assistance | - | - | 94,662 | 94,662 | 0.00% |
| SUD prevention | - | - | 1,137,248 | 1,137,248 | 0.00% |
| State Opioid Response | - | - | 773,037 | 773,037 | 0.00% |
| SUD Alcohol Use Disorder | - | - | 65,691 | 65,691 | 0.00% |
| Healing & Recovery Engagement & Infrastructure | - | - | 108,684 | 108,684 | 0.00% |
| Recovery Incentives Infrastructure | - | - | 86,615 | 86,615 | 0.00% |
| Gambling Disorder Prevention Grant | - | - | 110,935 | 110,935 | 0.00% |
| Performance based incentives/QBIP/OHH P4P | - | - | - | - | 0.00% |
| Public Act 2 Local | 2,184,476 | 1,456,317 | 1,242,558 | (213,759) | (14.68%) |
| Other grant revenue | - | 60,320 | 74,047 | 13,727 | 22.76% |
| Total operating revenue | 32,713,281 | 21,869,174 | 16,736,504 | (5,132,670) | |
| Operating expenses | | | | | |
| General Administration: | | | | | |
| Personnel | - | - | 317,116 | (317,116) | 0.00% |
| Facilities | - | - | 10,501 | (10,501) | 0.00% |
| Other | - | - | 20,610 | (20,610) | 0.00% |
| Medicaid Services | 22,684,580 | 15,123,053 | 3,136,508 | 11,986,545 | 79.26% |
| Healthy Michigan Services | - | - | 6,296,464 | (6,296,464) | 0.00% |
| Opioid Health Home Services | 1,871,969 | 1,247,979 | 768,919 | 479,060 | 38.39% |
| OHH P4P Bonus Award | - | - | - | - | 0.00% |
| SUD Prevention, Treatment, and Gambling Grant: | | | | | |
| Community Grant | 7,795,203 | 5,196,802 | 2,365,346 | 2,831,456 | 54.48% |
| State Disability Assistance | - | - | 94,662 | (94,662) | 0.00% |
| Womens Specialty Services | - | - | 102,329 | (102,329) | 0.00% |
| Prevention services | - | - | 1,137,248 | (1,137,248) | 0.00% |
| State Opioid Response III | - | - | 773,037 | (773,037) | 0.00% |
| Healing and Recovery Infrastructure | - | - | 108,684 | (108,684) | 0.00% |
| Recovery Incentives Infrastructure | - | - | 86,615 | (86,615) | 0.00% |
| SUD Alcohol Use Disorder | - | - | 65,691 | (65,691) | 0.00% |
| Gambling Disorder Prevention Grant | - | - | 110,935 | (110,935) | 0.00% |
| Public Act 2 expenses: | | | | | |
| PA2 services-Barry | - | - | 49,926 | (49,926) | 0.00% |
| PA2 services-Berrien | - | - | 259,333 | (259,333) | 0.00% |
| PA2 services-Branch | - | - | 11,085 | (11,085) | 0.00% |
| PA2 services-Calhoun | - | - | 233,283 | (233,283) | 0.00% |
| PA2 services-Cass | - | - | 51,099 | (51,099) | 0.00% |
| PA2 services-Kalamazoo | - | - | 483,745 | (483,745) | 0.00% |
| PA2 services-St Joseph | - | - | 101,114 | (101,114) | 0.00% |
| PA2 services-Van Buren | - | - | 52,973 | (52,973) | 0.00% |
| Performance based incentives used | - | - | - | - | 0.00% |
| Other grant expense | - | - | 74,047 | (74,047) | 0.00% |
| Total operating expenses | 32,351,752 | 21,567,835 | 16,711,270 | 4,856,565 | |
| Unspent funds - beginning | - | - | - | - | |
| Unspent funds - ending | \$ 361,529 | \$ 301,339 | \$ 25,234 | \$ (9,989,235) | |

Southwest Michigan Behavioral Health

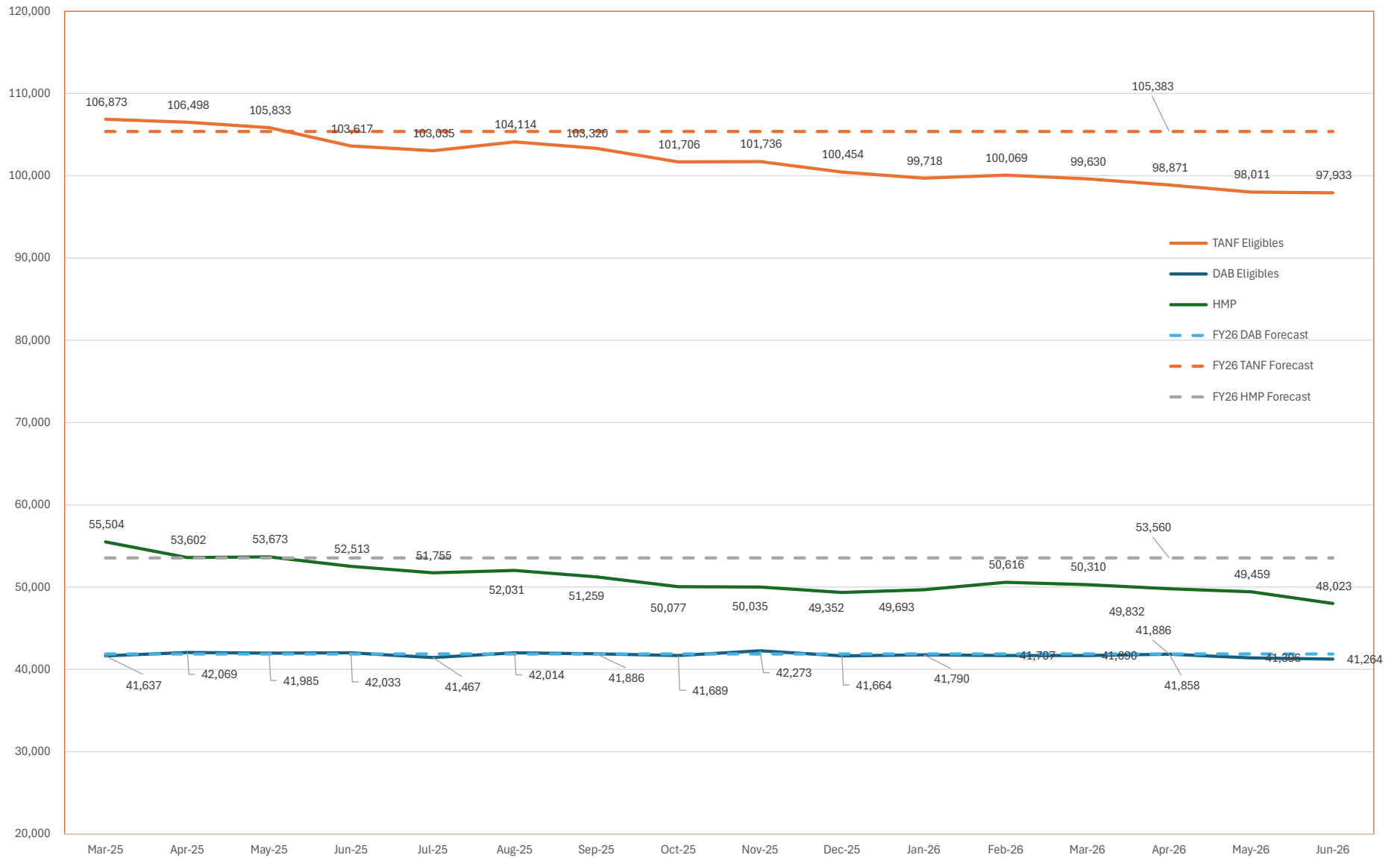
Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds

Budget to Actual - Medicaid Risk Reserve

October 1, 2025 through May 31, 2026

| | Annual Budget | YTD Budget | YTD Actual | Positive (Negative) Variance | Percent Over (Under) Budget |
|-------------------------------|------------------------|------------------------|------------------------|------------------------------------|-----------------------------------|
| Operating revenue | | | | | |
| Medicaid: | | | | | |
| Interest revenue | \$ 36,212 | 24,141 | \$ 14 | \$ (24,127) | (99.94%) |
| Operating expenses | | | | | |
| Payments to Affiliates: | | | | | 0.00% |
| Medicaid Services | - | - | - | - | 0.00% |
| Healthy Michigan Services | - | - | - | - | 0.00% |
| Total operating expenses | - | - | - | - | |
| Unspent funds | 36,212 | 24,141 | 14 | (24,127) | |
| Unspent funds - beginning | (13,776,689) | (13,776,689) | (13,776,689) | - | |
| Unspent funds - ending | <u>\$ (13,740,477)</u> | <u>\$ (13,752,548)</u> | <u>\$ (13,776,675)</u> | <u>\$ (24,127)</u> | |

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



| <u>SWMBH Through June</u> | <u>FY26</u> | <u>FY25</u> | <u>% Change YOY</u> | <u>\$ Change YOY</u> |
|---|--------------------|--------------------|---------------------|----------------------|
| State Plan MH | 65,699,254 | 73,617,531 | -10.8% | (7,918,278) |
| 1915i MH | 72,691,228 | 68,441,280 | 6.2% | 4,249,948 |
| Autism | 34,064,782 | 22,027,813 | 54.6% | 12,036,969 |
| <i>Habilitation Supports Waiver (HSW)</i> | 52,229,667 | 47,593,454 | 9.7% | 4,636,214 |
| <i>Child Waiver Program (CWP)</i> | 665,992 | 691,922 | -3.7% | (25,930) |
| <i>Serious Emotional Disturbances (SED)</i> | 520,154 | 382,765 | 35.9% | 137,389 |
| Net Capitation Payment | <u>225,870,768</u> | <u>212,754,765</u> | 6.2% | 13,116,003 |
| | | | | - |
| State Plan SA | 3,629,204 | 5,913,489 | -38.6% | (2,284,285) |
| Net Capitation Payment | <u>3,629,204</u> | <u>5,913,489</u> | -38.6% | (2,284,285) |
| | | | | - |
| Healthy Michigan Mental Health | 16,024,880 | 18,649,005 | -14.1% | (2,624,125) |
| Healthy Michigan Autism | 1,390 | 30,480 | -95.4% | (29,090) |
| Net Capitation Payment | <u>16,026,270</u> | <u>18,679,485</u> | -14.2% | (2,653,215) |
| | | | | - |
| Healthy Michigan Substance Abuse | 7,121,837 | 10,161,534 | -29.9% | (3,039,696) |
| Net Capitation Payment | <u>7,121,837</u> | <u>10,161,534</u> | -29.9% | |
| | | | | - |
| GRAND TOTAL | <u>252,648,080</u> | <u>247,509,273</u> | 2.1% | 5,138,807 |

as of 7/1/2026

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

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

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



| Revenue Tracking of Expected Funds | FY26 Revenue | | | | | FY26 Revenue YTD | | | | | | |
|---------------------------------------|-----------------------|-----------------------|-------------------|-----------------------|------------------------|------------------|-----------------------|-----------------------|-------------------|-----------------------|-----------------------|----------------|
| | FY26 Budget | Actual Payment | Accrual | Actual Annualized | Variance \$ | Variance % | Budget YTD | Actual | Accrual | YTD | Variance \$ | Variance % |
| | Medicaid | 242,191,562.82 | 234,779,290.45 | - | 234,779,290.45 | (7,412,272.37) | -3.1% | 181,643,672.12 | 176,084,467.84 | | 176,084,467.84 | (5,559,204.27) |
| Habilitation Supports Waiver (HSW) | 70,682,821.26 | 69,639,556.39 | 932,879.32 | 70,572,435.70 | (110,385.56) | -0.2% | 53,012,115.95 | 52,229,667.29 | 932,879.32 | 53,162,546.61 | 150,430.66 | 0.3% |
| Child Waiver Program (CWP) | 964,208.87 | 887,989.67 | - | 887,989.67 | (76,219.20) | -7.9% | 723,156.65 | 665,992.25 | | 665,992.25 | (57,164.40) | -7.9% |
| Serious Emotional Disturbances (SED) | 226,288.62 | 693,539.04 | - | 693,539.04 | 467,250.42 | 206.5% | 169,716.47 | 520,154.28 | | 520,154.28 | 350,437.82 | 206.5% |
| Healthy Michigan Mental Health | 34,620,863.28 | 30,864,143.89 | - | 30,864,143.89 | (3,756,719.39) | -10.9% | 25,965,647.46 | 23,148,107.92 | | 23,148,107.92 | (2,817,539.54) | -10.9% |
| Overall Net Capitation Payment | 348,685,744.85 | 336,864,519.44 | 932,879.32 | 337,797,398.76 | (10,888,346.09) | -3.12% | 261,514,308.64 | 252,648,389.58 | 932,879.32 | 253,581,268.90 | (7,933,039.74) | -3.03% |



| |
|------------------|
| Budgeted Funds |
| Over - Variance |
| Under - Variance |
| Accrued Funds |

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 SWMBH 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); and finally
- (vi) 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

To ensure the SWMBH region effectively achieves its purpose of improved health status, quality of life, self-sufficiency, recovery, and family preservation for individuals it serves, while optimizing resource utilization, the SWMBH Board establishes an Operations Committee. This committee, comprised of the CEOs (or their designees) of the Member CMH boards and the SWMBH Executive Officer (participating ex officio), will operate under the authority and responsibilities delegated by the Board and detailed in the Operating Agreement.

The Operations Committee will function as a key collaborative body, fostering a transparent and reciprocal partnership between SWMBH and its Member CMHs. It will actively contribute to:

1. **Regional Vision and Planning:** Collaborating with the EO and SWMBH Board in the development of the regional vision, mission, and long-term strategic plans, ensuring alignment with the needs and goals of Member CMHs and the broader community.
2. **Resource Optimization and Efficiency:** Identifying opportunities for increasing administrative efficiencies and promoting the sharing of knowledge and best practices across the region through common reports and accessible data when possible.
3. **Policy and Fiscal Recommendations:** Contributing to the development of policy and fiscal recommendations for the SWMBH Board's consideration, ensuring responsible stewardship of financial resources.
4. **Executive Leadership:** Providing input into the hiring and evaluation process of the EO, ensuring strong regional leadership.
5. **Contractual Alignment:** Facilitating awareness of and alignment with SWMBH-approved contracts, subcontracts, policies, and procedures at the Participant CMHSP and community levels.
6. **Stakeholder Engagement:** Ensuring active involvement of CMHSP personnel in relevant SWMBH committees and activities.
7. **Environmental Awareness and Regional Planning:** Contributing to the understanding of environmental disruptors and trends, and actively participating in regional planning activities, including budgeting, growth, and service development.
8. **Issue Resolution:** Proactively seeking to resolve boundary issues, differences, and disputes among regional partners.
9. **Oversight and Review:** Reviewing key operational and financial documents (annual budget, financial plans, quality assurance programs, utilization management plans, grant applications) prior to Board approval, ensuring alignment with regional goals and efficient resource allocation.

10. **External Engagement:** Advising the EO on external discussions that may impact Participant CMHSPs or SWMBH operations.
11. **Policy Interpretation and Delegation:** Responding to the EO's consultations on policy interpretations and delegation of functions.
12. **Contractual Arrangements: Advising the EO regarding any additional SWMBH contractual arrangements that involve the Participants, and** providing 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.
13. **Substance Use Disorder Coordination:** Reviewing and commenting on SUDOPB agendas and materials to ensure regional alignment and collaboration.

The Operations Committee will operate with a significant degree of independence in its responsibilities, leveraging the collective expertise of the Member CMH CEOs. It will assess information provided by SWMBH management and work collaboratively with the EO to provide informed advice and recommendations to the SWMBH Board, ultimately contributing to the sustainability of programs and the improved well-being of the SWMBH region's individuals and families. Decisions requiring Operations Committee approval will necessitate a super majority (75% of present members) vote, ensuring broad consensus and regional buy-in.

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.

MCIS System: Management Report to the Board of Directors

Southwest Michigan Behavioral Health | July 10, 2026

EVALUATION PROCESS

SWMBH evaluated a potential transition of its Managed Care Information System (MCIS) from its current vendor, Streamline Healthcare Solutions, to PCE Systems, which is the vendor used by each of SWMBH's eight (8) Participant CMHSPs. This evaluation included the following activities:

- Consultation with legal counsel
- A Request for Information (RFI) in 2025
- An initial, limited system functionality comparison
- TBD Solutions regional evaluation of a potential MCIS system transition which recommended a transition to PCE Systems
- A PCE-led system demo for SWMBH staff
- An updated RFI in 2026
- SWMBH functional area leaders meeting with a contiguous PIHP to demo the PCE MCIS actual system functionality

FUNCTIONALITY OBSERVATIONS

The evaluation finds that an MCIS transition to PCE Systems would offer both benefits and limitations as compared to current system functionality. Based on the evaluation, it appears the potential benefits outnumber the potential limitations. PCE Systems offers meaningful improvements in interoperability, reporting automation, data availability for financial analyses, and regional and statewide alignment. Some examples of where improved functionality was specifically noted include:

- Provider Audit Module – Built by PCE specifically for use by PIHPs, the module centralizes audits and site reviews into the MCIS system and would potentially consolidate numerous other manual business processes designed around audit and site review completion.
- Critical Incident, MMBPIS, and Behavior Treatment Plan Reviews – The system is set up for an automated and/or structured upload workflow of data that would replace the current manual tracking and aggregation processes.
- EQI and Encounter Data Availability – In the MSHN system demo, EQI and encounter data are available to the PIHP from its Participant CMHSPs nightly, which would allow for financial analysis to occur more expeditiously/closer to real time. Coordination and collaboration with SWMBH Participant CMHSPs would likely be necessary in order for this functionality to be recognized as part of a MCIS transition. Additionally, Milliman templates are incorporated into the system, which improves financial reporting timeliness and accuracy.
- Regional & Statewide Alignment – All 8 Region 4 Participant CMHSPs and the nine (9) other PIHPs in the State of Michigan use PCE Systems as their EMR/MCIS system

vendor. SWMBH is currently the only PIHP in the State that utilizes a different system. Recently, SWMBH was excluded from participating in a statewide PIHP effort to aggregate and evaluate specific data, because SWMBH lacked the capability of pulling the specific information necessary to participate as the report was standard to PCE.

- Michigan System – PCE Systems is designed to specifically comply with MDHHS Medicaid Managed Care requirements, resulting in reporting templates and system processes that directly align with PIHP contractual obligations. This supports PIHP compliance with its MDHHS contractual obligations, but does function to limit flexibility and the ability to customize the system.

Conversely, the evaluation finds areas of potential degradation in functionality include claims adjudication automation, encounter processing, and flexibility around customization.

PRICING CONSIDERATIONS

An MCIS system transition includes a Transition Cost, a monthly or annual maintenance cost, and additional fees for any customized functionality that SWMBH requests.

TRANSITION TIMELINE

The goal implementation date for any new MCIS system is 10/01/2027. Based on discussions with PCE, transition activities would need to begin no sooner than 10/01/2026 and no later than 01/01/2027 in order to meet this goal.

ENVIRONMENTAL INFLUENCERS

MDHHS posted on its Vendor Opportunity Dashboard its intent to issue another Request For Proposal (RFP) to competitively procure the PIHP system, in October 2026. SWMBH met with PCE and both parties agreed that should SWMBH pursue an MCIS system transition, contract language would include provisions that allow for a stop work (pause) and contract termination based on MDHHS procurement activities, without incurring additional expenses.

MANAGEMENT RECOMMENDATION

Based on the totality of the evaluation, the SWMBH CEO recommends that the SWMBH Board approve a transition of SWMBH's MCIS to PCE Systems.

In continuing with the commitment to transparency through the RFP and other system threats, I wanted to provide a brief update. While MDHHS has not issued any formal communication related to another RFP, the MDHHS Vendor Opportunity Dashboard ([DTMB - Vendor Opportunity Dashboard](#)) was updated very recently (sometime after Thursday) and now lists “Prepaid Inpatient Health Plans (PIHP)” as a New Bid with an anticipated RFP release date of August 2026 (see snippet below). There are still many factors that will necessarily impact whether or not an RFP is actually issued, if current Regional Entities will be qualified bidders, and whether contracts are signed. These factors include but are not limited to: the FY27 State Budget (recall the House Budget includes a prohibition on MDHHS issuing another RFP), a new Administration (legislature, Governor, MDHHS Director) in January (presumably before any new contracts would be signed), unknown bidder qualifications and contract specifications, etc. We are continually monitoring for additional information, while also working with our Participant CMHSPs to position our region, and the public behavioral health system, in the best possible way in order to be successful in whatever comes next.

| DTMB Bid Opportunities | | | | | |
|------------------------|--|---------------------------|--------------------------|---|------------|
| ID | Project Name | Estimated Posting (Month) | Estimated Posting (Year) | Buyer Information | Bid Status |
| 21749 | Electronic Local Government Information & Taxation Evaluation System (ELITES) - Part 2 | August | 2026 | (plattes3@michigan.gov) Justin Flegel (FlegelJ1@michigan.gov) | New Bid |
| 21523 | Laboratory Kit Order Tracking System (LKOTS) Maintenance & Support and Enhancements | August | 2026 | Robin Lampert (LampertR1@michigan.gov) | New Bid |
| 14340 | Managed Security Services | August | 2026 | Lauren Stempek (stempekl@michigan.gov) | Re-Bid |
| 21769 | Prepaid Inpatient Health Plans (PIHP) | August | 2026 | Marissa Gove (govem1@michigan.gov) | New Bid |
| 18306 | Prequal - Consultant Services for Schools and Local Units | August | 2026 | Adam Ashley (ashleya2@michigan.gov) | Re-Bid |

Regards,

Mila C. Todd, Esq., CHC, CHPC

Interim Executive Officer

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Community Mental Health Association of Michigan

Recommended core components of a strengthened and improved public mental health system in Michigan:
 Methods for ensuring core components are design elements of Michigan's public mental health system

Origin and purpose of document: This document was developed by the CMHA Guidance Group, a large group representing CMHA's diverse membership of CMHSPs, PIHPs, and private provider organizations founded on a preliminary/foundational document developed by CMHA in partnership with Arc-Michigan, NAMI-Michigan, and the Michigan Association of Counties (MAC). The document is designed to provide a preliminary structure around which the advocacy for more robust and system redesign effort would be

The methods, outlined below, are designed to ensure that these core components become permanent design elements of Michigan's public mental health system,.

Foundational theme: centrality of CMHSPs to public system: These components are founded upon the role of the state's Community Mental Health Services Programs (CMHSPs), as defined in the Michigan Mental Health Code as a underscored by Judge Yates in the Region 10 et al vs State of Michigan. In this role, the state's CMHSPs are the core community-based providers and managers of the network of other providers, of services to persons with mental illness, emotional disturbance, intellectual and developmental disabilities, or substance use disorders.

| Methods for ensuring or fostering the existence of Core Component | | | | Comments |
|---|---|--|--|----------|
| Statute | MDHHS contract with system (PIHPs and CMHSPs) | Contract between CMHSPs or PIHPs and Providers | Agreement among community-based system members: CMHSPs, PIHPs, Providers | |

A. Defining public nature and roles of PIHPs (Michigan's Medicaid behavioral health plans) and CMHSPs

| | | | | | |
|---|---|--|--|--|--|
| 1 | All of Michigan's Medicaid behavioral health plans [also known, in federal terms as Prepaid Inpatient Health Plans (PIHPs)] should be public/governmental bodies formed via collaboration of the counties, in the region which they are designed to serve, and the state of Michigan. They can be formed via: multi-county authority, Urban Cooperation Act, or Regional Entity section of the Michigan Mental Health Code. | | | | |
| 2 | The statutorily-defined authorities, responsibilities, functions, and roles of the CMHSPs will not be encroached upon, including by the PIHPs (absent mutual agreement), or by the State of Michigan via contract requirements and policies issued by the State of Michigan. | | | | |
| 3 | The PIHPs shall not circumvent the authority of the counties in the region which they are designed to serve. | | | | |
| 4 | The number and size of regions served by the PIHPs should be structured, by the counties and CMHSPs which form them, to ensure: local guidance and responsiveness to local needs, effective management capacity, , and low administrative costs (with greatest level of funding, as possible, dedicated to service delivery), while avoiding dominance in relationships with state policymakers by any one PIHP. | | | | |
| 5 | There should be no more than one PIHP per defined region to ensure efficiency and effective management capacity. | | | | |
| 6 | PIHPs should have a well-defined and focused administrative role that ensures the statutory roles and responsibilities of the state's CMHSPs. The PIHP roles would include: ensuring high levels of performance and compliance with federal and state requirements by the CMHSPs in the region and providers in its network; and distributing Medicaid funds to CMHSPs within the PIHP's region. | | | | Foundation established in statute with detail in contracts |

| Methods for ensuring or fostering the existence of Core Component | | | | Comments |
|---|---|--|--|----------|
| Statute | MDHHS contract with system (PIHPs and CMHSPs) | Contract between CMHSPs or PIHPs and Providers | Agreement among community-based system members: CMHSPs, PIHPs, Providers | |

B. Balancing uniformity of service array while ensuring community and person- specific variance

7 The system should ensure uniformity, to the greatest extent possible, that the array of Medicaid services and the processes for authorizing those services are as uniform across the state as possible. Variances from this uniformity, when they occur, must be tied to differences in community needs and resources or differences in the needs and choices of persons served and their families.

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Foundation established in statute with detail in contracts

C. Aligning governance with distinct sets of stakeholders

8 The board of directors of the PIHPs should reflect the voices of several distinct sets of key stakeholders:

- o Those individuals served by the region’s public mental health system
- o Representatives of the communities served by region’s public mental health system

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9 Echoing the Michigan Mental Health Code’s requirements related to board make up, at least 1/3 of the members of the board of directors of a PIHPs must be persons with lived experience in the receipt of behavioral health service and who live in the region served by the PIHP. These persons can be persons served by the CMHSP system, or an equivalent system, or a family member of a person served.

- o At least 1/3 of the members of the board of directors of a PIHPs must be persons with lived experience in the receipt of behavioral health service and who live in the region served by the PIHP. These persons can be persons served by the CMHSP system, or an equivalent system, or a family member of a person served.
- o At least 1/2 of this 1/3 (1/6 of the board) must be persons with direct lived experience (often known as “primary consumers” in the receipt of behavioral health service through the CMHSP system or an equivalent system.

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10 The public bodies which appoint these board members should be the public entities which hold unique roles and responsibilities in the design and operation of Michigan’s community-based mental health system. Those appointing bodies and the unique roles and responsibilities which they hold include:

- o County governments hold unique roles and responsibilities, in statute and in practice, in the structure, governance, and financing of Michigan’s public mental health system
- o CMHSPs hold unique roles and responsibilities, including financial risk, in statute and practice, in the structure, governance, and financing of Michigan’s public mental health system.

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| Methods for ensuring or fostering the existence of Core Component | | | | Comments |
|---|---|--|--|----------|
| Statute | MDHHS contract with system (PIHPs and CMHSPs) | Contract between CMHSPs or PIHPs and Providers | Agreement among community-based system members: CMHSPs, PIHPs, Providers | |

D: Financing model, risk sharing, and ability to build essential risk reserves

| | | | | | |
|----|---|--|--|--|---|
| 11 | The financing of the Michigan behavioral health plan must be in the form of a risk-sharing capitation structure, with the risk sharing structure clearly delineated among the State of Michigan, the PIHP, the CMHSPs, and counties in the region. | | | | |
| 12 | These capitation payments must be actuarially sound, in accordance with GAAP and GASB, and provide sufficient revenue to the PIHPs and the CMHSPs in their regions to meet the mental health services and supports needs of the residents of their counties. | | | | |
| 13 | A secondary confirmation of the actuarial soundness of the initial actuarial rate setting should be established by a secondary review by an actuarial firm identified jointly by the public PIHPs and MDHHS. Both sets of actuaries should be required to provide these two parties and other stakeholders with the background documents upon which their actuarial determinations were made. When the two actuarial rate sets do not match, there must be a process including public discussion as to the differences and the resolution of this disagreement. The actuarial rates and projected revenues resulting from this process should be used to drive the annual state appropriations process. | | | | Could be implemented via budget boilerplate as well as statutory change |
| 14 | An alternative financing design, not a fee-for-service method, will be used by the PIHPs to finance the CMHSPs in their regions. | | | | Foundation established in statute with detail in contracts; May differ for CMHSPs versus CCBHC financing |
| 15 | The level of risk reserves allowed to be held by PIHPs and CMHSPs must represent an actuarially sound risk reserve (via a method of ensuring actuarial soundness akin to that outlined above) - thus allowing both of these local public bodies to retain their fiscal stability in this shared risk arrangement. | | | | Foundation established in statute with detail in contracts |
| 16 | As with any health care, education, governmental, non-profit, or for-profit organization, CMHSPs shall be allowed to hold cost savings, earned incentives, and funds earned through other methods to ensure fiscal stability in light of changing financing and demand factors. As with all fund balances held by CMHSPs and the PIHPs, these reserves must be spent on services to persons with mental health needs, to ensure fiscal stability, and to carry out other statutorily mandated functions of the state's CMHSPs and PIHPs. | | | | Foundation established in statute with detail in contracts |
| 17 | The fiscal distress of a PIHP or any CMHSP should be addressed jointly by the PIHP, the CMHSP, the county government served by the CMHSP, and the State of Michigan. | | | | Needed is clarity relative to the roles of each of these parties relative addressing fiscal distress of CMHSPs and PIHPs. |
| 18 | All of the state's PIHPs and the CMHSPs in their region should be required to provide, on a regular basis, to the counties which formed them, the public, providers in the PIHP's and CMHSP's network, and other stakeholders with a clear lay-person friendly picture of its: <ul style="list-style-type: none"> o Financial condition, current and projected o Service authorization standards and processes o Service demand patterns | | | | Foundation established in statute with detail in contracts and agreements among community-based system |

| Methods for ensuring or fostering the existence of Core Component | | | | Comments |
|---|---|--|--|----------|
| Statute | MDHHS contract with system (PIHPs and CMHSPs) | Contract between CMHSPs or PIHPs and Providers | Agreement among community-based system members: CMHSPs, PIHPs, Providers | |

E. Partnership relationship between PIHPs, CMHSPs, and providers in the networks of the health plans and CMHSPs

| | | | | | |
|---|--|--|--|--|--|
| 19 Commitment to increased consistency through uniformity in contract templates, provider costing/rate setting, alternative payment models, billing systems, and data sharing. | | | | | Foundation established in statute with detail in contracts and agreements among community-based system |
| 20 Commitment to increased transparency through sharing of uniform level of care determinations, funding and fiscal conditions, network adequacy and choice, and changes in direct-run versus contractual services. | | | | | Foundation established in statute with detail in contracts and agreements among community-based system |
| 21 Commitment to reducing administrative burdens through training reciprocity, streamlining of audit requirements, and consistency in recipient rights processes. | | | | | Foundation established in statute with detail in contracts and agreements among community-based system |
| 22 Commitment to the value and importance of having an equally strong system for provision of substance use disorder services. | | | | | Foundation established in statute with detail in contracts and agreements among community-based system |

Gov. Whitmer Announces Acting MDHHS Director

Governor thanks Director Hertel for leading MDHHS as she moves to a new chapter in her career.

LANSING, Mich. — Today, Governor Gretchen Whitmer announced Amy Epkey will serve as acting director of the Michigan Department of Health and Human Services (MDHHS). The governor also announced additional promotions and hires within the executive office.

“Today, I am proud to announce several talented public servants stepping into new roles to help our administration keep delivering for the people of Michigan,” said **Governor Whitmer**. “Amy Epkey brings decades of experience in state government and a proven record of leadership, and I am confident she will continue the important work of the Department of Health and Human Services. I also want to thank Director Hertel for her dedicated service to our state. Under her leadership, MDHHS helped Michigan navigate unprecedented challenges, expanded access to health care, strengthened behavioral health services, and improved outcomes for families across our state. I am grateful for her partnership and wish her continued success in her next chapter.”

Amy Epkey, Acting Director of MDHHS

Amy Epkey will serve as the acting director of MDHHS beginning July 1. Epkey previously held the senior deputy director position for the Financial Operations Administration at MDHHS, where she oversaw the department's budget, contracts and grants, finance and accounting, audit functions and information technology financial support services. Responsible for overseeing the department's nearly \$40 billion budget, Epkey has played a key role in negotiating with the Legislature on the passage of four bipartisan balanced budgets, developing and leading the implementation of strategic priorities, and ensuring alignment across all levels of the department.

Epkey has held numerous roles across departments in state government. She served as senior deputy director for the Michigan Department of Environment, Great Lakes and Energy (EGLE), where she oversaw the department's annual budget, helped develop and implement EGLE's strategic plan, coordinated its training and outreach efforts and legal services and testified before the state Legislature on priority issues, among other duties. She also worked for the Michigan Department of Agriculture and Rural Development, where she eventually served simultaneously as policy advisor to the department director and the department's budget officer.

Epkey has a Bachelor of Business Administration from Grand Valley State University.

After leading the department since 2021, Director Hertel has announced her last day at MDHHS will be June 30. Under Director Hertel's leadership, the department has built out the community behavioral health continuum of care and designed two state-of-the-art state psychiatric hospitals, launched the Keep Kids Safe Action Agenda and redesigned the way children's services are delivered through the CSA teaming model, implemented substance use disorder programming which lowered the overdose death rate by 47 percent since 2021, protected residents access to Medicaid and SNAP, created scholarships and stipends to build the health care workforce, and recorded Michigan's lowest infant mortality rate in its history in 2025.

INTERGOVERNMENTAL CONTRACT

This Contract (this “Contract”) is made as of this ___day of ____, 20273, by and among Southwest Michigan Behavioral Health Regional Entity (“SWMBH”), Barry County, Berrien County, Branch County, Cass County, Calhoun County, Kalamazoo County, St. Joseph County and Van Buren County (individually referred to as the “County,” and collectively referred to as the “Counties”).

RECITALS

SWMBH is a community mental health Regional Entity formed under the Mental Health Code, MCL 330.1204b.

The Counties are located in Region 4, as such region is designated to SWMBH, a region designated by the Michigan Department of Health and Human Services, as defined under MCL 300.1100a(22) (“MDHHS”), as Region 4 under MDHHS’s restructuring of PHPs in Michigan.

~~Under 2012 PA 500 and 2012 PA 501, the coordination of the provision of substance use disorder services were transferred from prior existing coordinating agencies to community mental health entities designated by MDHHS to represent a region of community mental health authorities, community mental health organizations, community mental health services programs or county community mental health agencies.~~

SWMBH represents eight (8) community mental health authorities in Region 4, ~~and is a MDHHS-designated Community Mental Health Entity (“CMHE”) and coordinates to coordinate~~ the provision of substance use disorder services for its in Region 4.

SWMBH, as a MDHHS-designated community mental health entity, is required, under MCL 330.1287(5) to establish a Substance Use Disorder Oversight Policy Board ("SUD Oversight Policy Board") through a contractual agreement, under appropriate law, between SWMBH and each of the Counties in Region 4.

SWMBH and the Counties are authorized to enter into contracts under 1951 PA 35, Intergovernmental Contracts Between Municipal Corporations, MCL 124.1 et. seq.

SWMBH and the Counties desire to enter into this Contract, under 1951 PA 35, to establish a SUD Oversight Policy Board.

NOW, THEREFORE, in furtherance of the foregoing and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

PURPOSE

Section 1.1 PURPOSE. The purpose of this Contract is to set forth the terms and conditions for the establishment of a SUD Oversight Policy Board pursuant to MCL 330.1287(5).

ARTICLE II

SUD POLICY BOARD

Section 2.1 FUNCTIONS AND RESPONSIBILITIES. The SUD Oversight Policy Board shall have the following functions and responsibilities:

2.1.1 Approval of any portion of SWMBH’s budget that contains 1986 PA 2 (MCL 211.24e(11)), funds (“PA 2 Funds”) for the treatment or prevention of substance use disorders which shall be used only for substance use disorder treatment and prevention in the Counties from which the PA 2 Funds originated; provided, however, that the SUD Oversight Policy Board’s approval authority under this Section 2.1.1 shall be limited to the substantive allocation of PA 2 Funds among programs and services and shall not extend to SWMBH’s administrative, operational, or overhead expenditures, staffing decisions, or other internal budgetary matters;

2.1.2 Advise and make recommendations regarding SWMBH’s budgets for substance use disorder treatment or prevention using non PA 2 Funds;

2.1.3 Advise and make recommendations regarding contracts with substance use disorder treatment or prevention providers; and

2.1.4 Any other function or responsibilities consistent with 2012 PA 500 and MCL 330.1287(5)(d) and as requested by SWMBH.

2.1.5 The functions and responsibilities described in Sections 2.1.2 and 2.1.3 are advisory in nature only. SWMBH shall consider in good faith any recommendations made by the SUD Oversight Policy Board under those Sections, but SWMBH shall retain sole and final decision-making authority with respect to its budgets for substance use disorder treatment or prevention using non-PA 2 Funds and its contracts with substance use disorder treatment or prevention providers.

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Section 2.2 APPOINTMENT/COMPOSITION. The Board of Commissioners of each of the Counties shall appoint up to two (2) members of the SUD Oversight Policy Board. The Board of Commissioners may appoint any combination of County Commissioners or others, as allowed by Michigan law, that it deems best represents the interests of its County. Records of appointments shall be provided to SWMBH upon request.

Section 2.3 VACANCIES. A vacancy on the SUD Oversight Policy Board shall be filled by the County that originally filled the vacated position.

Section 2.4 REMOVAL. The County that appointed a SUD Oversight Policy Board member may remove its appointee at any time. The SUD Oversight Policy Board is responsible for informing the relevant County of any lack of participation or attendance by the County’s appointed SUP Oversight Policy Board member. Attendance records shall be provided to County Commissions at least twice annually.

Section 2.5 ETHICS AND CONFLICTS OF INTEREST. The SUD Oversight Policy Board shall adhere to all conflict of interest and ethics laws applicable to public officers and public servants, serving as members of the SUD Oversight Policy Board.

Section 2.6 COMPLIANCE WITH LAWS. The SUD Oversight Policy Board shall fully comply with all applicable laws, regulations and rules, including without limitation 1976 PA 267 (the “Open Meetings Act”), 1976 PA 422 (the “Freedom of Information Act”), 2012 PA 500, 2012 PA 501 and 1986 PA 2.

Section 2.7 BYLAWS. The SUD Oversight Policy Board shall maintain and periodically review its Bylaws. The Bylaws may be amended by the SUD Oversight Policy Board in accordance with all applicable Michigan state laws and regulations. The parties hereto agree that said Bylaws are not subject to SWMBH’s approval; provided, however, that the SUD Oversight Policy Board shall provide SWMBH with written notice and a copy of any proposed amendment to its Bylaws at least thirty (30) days prior to the effective date of such amendment, and shall consider in good faith any written comments submitted by SWMBH during such notice period. No Bylaw or amendment thereto shall be effective to the extent it conflicts with any provision of this Contract.

ARTICLE III

SWMBH

Section 3.1 FUNDING. SWMBH shall ensure that PA2 funding dedicated to substance use disorder services shall be retained for substance use disorder services and not diverted to fund services that are not for substance use disorders. MCL 330.1287(2).

ARTICLE IV

TERM AND TERMINATION

Section 4.1 TERM. The Term of this Contract shall commence on January 1, 202~~7~~⁴, and continue for a term of three (3) years ending December 31, 20~~30~~²⁶, unless terminated at an earlier date as provided in Section 4.2.

Section 4.2.1 TERMINATION. Any party may terminate their participation in this Contract at any time for any or no reason by giving all other parties thirty (30) days written notice of the termination. Any notice of termination of this Contract shall not relieve either party of its obligations incurred prior to the effective date of such termination.

Section 4.2.2 TERMINATION of CMHE STATUS. This contract shall automatically and simultaneously terminate in the event MDHHS withdraws its designation of SWMBH as a CMHE. During any such transition period, the parties shall cooperate in good faith to ensure the orderly transition of SUD Oversight Policy Board functions and records to any successor entity designated by MDHHS.

ARTICLE V

LIABILITY

Section 5.1 LIABILITY/RESPONSIBILITY. No party shall be responsible for the acts or omissions of the other party or the employees, agents or servants of any other party, whether acting separately or jointly with the implementation of this Contract. Each party shall have the sole nontransferable responsibility for its own acts or omissions under this Contract. The parties

shall only be bound and obligated under this Contract as expressly agreed to by each party and no party may otherwise obligate any other party.

Section 5.2 INDEMNIFICATION. To the extent permitted by applicable law and subject to available appropriations, eEach County shall indemnify, defend, and hold harmless SWMBH, its board members, officers, employees, and agents from and against any and all claims, losses, damages, liabilities, costs, and expenses (including reasonable attorneys' fees) arising out of or resulting from (a) the acts or omissions of the County's appointed SUD Oversight Policy Board member(s) in connection with the performance of duties under this Contract, or (b) any breach of this Contract by such County. Notwithstanding the foregoing, nothing in this Agreement shall waive any defense, limitation, immunity or liability cap available to such County. This indemnification obligation shall survive the termination or expiration of this Contract.

Section 5.3 INSURANCE. Each County shall maintain, throughout the Term of this Contract, commercial general liability insurance or an equivalent self-insurance program with coverage limits of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate. Upon request, each County shall provide SWMBH with certificates of insurance or evidence of self-insurance demonstrating compliance with this Section.

ARTICLE VI

MISCELLANEOUS

Section 6.1 AMENDMENTS. This Contract shall not be modified or amended except by a written document signed by all parties hereto.

Section 6.2 ASSIGNMENT. No party may assign its respective rights, duties or obligations under this Contract.

Section 6.3 NOTICES. All notices or other communications authorized or required under this Contract shall be given in writing, either by personal delivery or certified mail (return receipt requested) and shall be deemed to have been given on the date of personal delivery or the date of the return receipt of certified mail. Notices shall be delivered to the Executive Officer of SWMBH and the County Administrator of each County.

Section 6.4 ENTIRE AGREEMENT. This Contract shall embody the entire agreement and understanding between the parties hereto with respect to the subject matter hereof. There are no other agreements or understandings, oral or written, between the parties with respect to the subject matter hereof and this Contract supersedes all previous negotiations, commitments and writings with respect to the subject matter hereof.

Section 6.5 GOVERNING LAW. This Contract is made pursuant to, and shall be governed by, construed, enforced and interpreted in accordance with, the laws and decisions of the State of Michigan.

Section 6.6 BENEFIT OF THE AGREEMENT. The provisions of this Contract shall not inure to the benefit of, or be enforceable by, any person or entity other than the parties and any permitted successor or assign. No other person shall have the right to enforce any of the

provisions contained in this Contract including, without limitation, any employees, contractors or their representatives.

Section 6.7 ENFORCEABILITY AND SEVERABILITY. In the event any provision of this Contract or portion thereof is found to be wholly or partially invalid, illegal or unenforceable in any judicial proceeding, such provision shall be deemed to be modified or restricted to the extent and in the manner necessary to render the same valid and enforceable, or shall be deemed excised from this Contract, as the case may require. This Contract shall be construed and enforced to the maximum extent permitted by law, as if such provision had been originally incorporated herein as so modified or restricted, or as if such provision had not been originally incorporated herein, as the case may be.

Section 6.8 CONSTRUCTION. The headings of the sections and paragraphs contained in this Contract are for convenience and reference purposes only and shall not be used in the construction or interpretation of this Contract.

Section 6.9 COUNTERPARTS. This Contract may be executed in one or more counterparts, each of which shall be considered an original, but together shall constitute one and the same agreement.

Section 6.10 EXPENSES. Except as is set forth herein or otherwise agreed in writing by the parties, each party shall pay its own costs, fees and expenses of negotiating and consummating this Contract, the actions and agreements contemplated herein and all prior negotiations, including legal and other professional fees.

Section 6.11 REMEDIES CUMULATIVE. All rights, remedies and benefits provided to the parties hereunder shall be cumulative, and shall not be exclusive of any such rights, remedies and benefits or of any other rights, remedies and benefits provided by law. All such rights and remedies may be exercised singly or concurrently on one or more occasions.

Section 6.12 BINDING EFFECT. This Contract shall be binding upon the successors and permitted assigns of the parties.

Section 6.13 NO WAIVER OF GOVERNMENTAL IMMUNITY. The parties agree that no provision of this Contract is intended, nor shall it be construed, as a waiver by any party of any governmental immunity or exemption provided under the Mental Health Code or other applicable law.

Section 6.14 CONFIDENTIALITY. Each party acknowledges that, in connection with this Contract, its representatives and appointed SUD Oversight Policy Board members may receive or have access to confidential, proprietary, or sensitive information of SWMBH, including without limitation draft budgets, financial projections, provider contract terms, strategic plans, and personally identifiable information of service recipients ("Confidential Information"). Each party shall cause its appointed Board members and representatives to maintain the confidentiality of all Confidential Information and shall not disclose such information to any third party except as required by the Freedom of Information Act, the Open Meetings Act, or other applicable law. This obligation shall survive the termination or expiration of this Contract for a period of three (3) years.

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Section 6.15 DISPUTE RESOLUTION. In the event of any dispute arising out of or relating to this Contract, the parties shall first attempt to resolve the dispute through good-faith

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negotiation between the Executive Officer of SWMBH and the County Administrator(s) of the affected County or Counties. If the dispute is not resolved within thirty (30) days of written notice of the dispute, any party may submit the dispute to non-binding mediation before a mutually agreed-upon mediator. The costs of mediation shall be shared equally among the participating parties. Nothing in this Section shall preclude any party from seeking injunctive or other equitable relief in a court of competent jurisdiction where necessary to prevent irreparable harm.

ARTICLE VII

CERTIFICATION OF AUTHORITY TO SIGN THIS CONTRACT

The persons signing this Contract on behalf of the parties hereto certify by said signatures that they are duly authorized to sign this Contract on behalf of said parties, and that this Contract has been authorized by said parties pursuant to formal resolution(s) of the appropriate governing body(ies), copies of which shall be provided to SWMBH.

IN WITNESS WHEREOF, the parties hereto have entered into, executed and delivered this Contract as of the dates noted below.

SOUTHWEST MICHIGAN BEHAVIORAL HEALTH REGIONAL ENTITY

By: _____
Date: _____
Its: _____

BARRY COUNTY

By: _____
Date: _____
Its: _____

BERRIEN COUNTY

By: _____
Date: _____
Its: _____

BRANCH COUNTY

By: _____
Date: _____
Its: _____

CASS COUNTY

By: _____
Date: _____
Its: _____

CALHOUN COUNTY

By: _____

Date: _____

Its: _____

KALAMAZOO COUNTY

By: _____

Date: _____

Its: _____

ST. JOSEPH COUNTY

By: _____

Date: _____

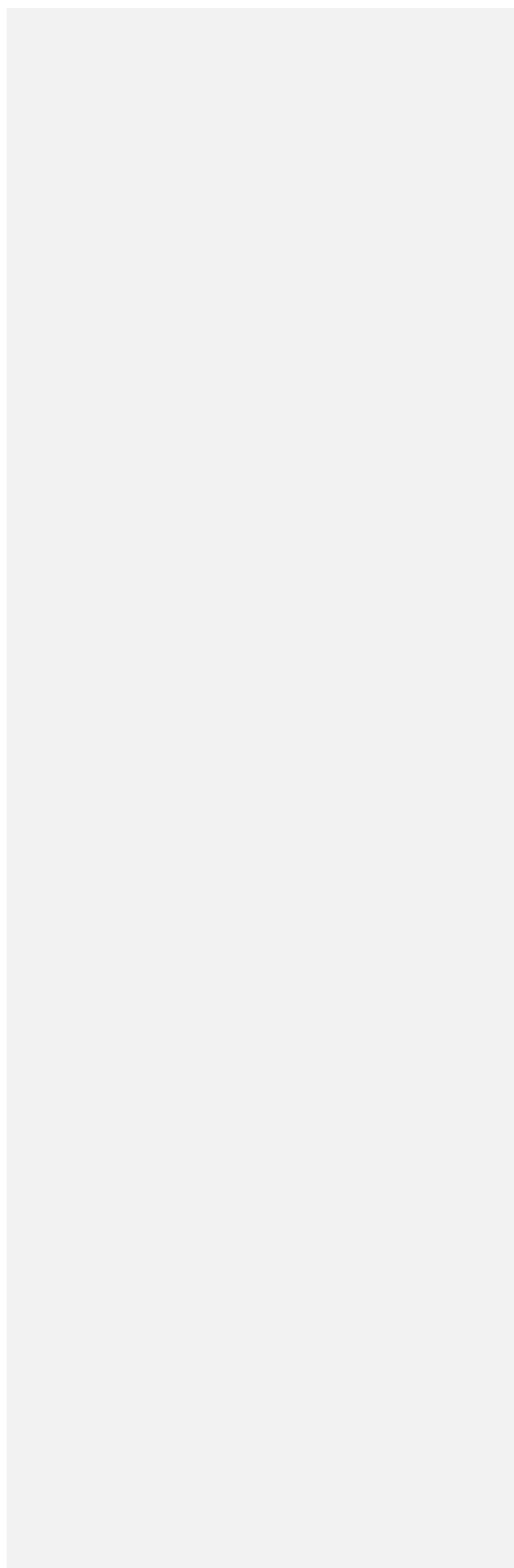
Its: _____

VAN BUREN COUNTY

By: _____

Date: _____

Its: _____



2026 SWMBH Board Member & Board Alternate Attendance

| Name: | January | February | March | April | May | June | July | August | September | October | November | December |
|------------------------------------|---------|----------|-------|-------|-------|-------|------|--------|-----------|---------|----------|----------|
| Board Members: | | | | | | | | | | | | |
| Lorraine Lindsey (Barry) | Blue | Red | Blue | | | | | | | | | |
| Jeff Kniaz (Barry) | | | | Blue | Green | Green | | | | | | |
| Allen Edlesfson (Berrien) | Blue | Red | Red | Green | Green | Green | | | | | | |
| Tom Schmelzer (Branch) | Green | Green | Green | Green | Green | Green | | | | | | |
| Sherii Sherban (Calhoun) | Red | Green | Green | Green | Green | Green | | | | | | |
| Joyce Locke (Cass) | Red | Green | Red | | | | | | | | | |
| Kayla Wisniewsi (Cass) | Green | Red | Red | Blue | Red | Blue | | | | | | |
| Michael Seals (Kalamazoo) | Green | Green | Green | Green | Green | Green | | | | | | |
| Carole Naccarato (St. Joe) | Green | Green | Green | Green | Red | Red | | | | | | |
| Tina Leary (Van Buren) | Green | Green | Green | Red | Green | Green | | | | | | |
| | | | | | | | | | | | | |
| Alternates: | | | | | | | | | | | | |
| Bob Becker (Barry) | Red | Red | Red | | | | | | | | | |
| Edward Meny (Berrien) | Red | Green | Green | Red | Red | Red | | | | | | |
| Jon Houtz (Branch) | Green | Blue | Blue | | | Green | | | | | | |
| Stephanie Swanson-Chang (Calhoun) | | | | Red | Red | Red | | | | | | |
| Jesse Binns (Cass) | | | | Red | Red | Red | | | | | | |
| Karen Longanecker (Kalamazoo) | Red | Red | Red | Red | Red | Red | | | | | | |
| Cathi Abbs (St. Joe) | Red | Green | Green | Green | Red | Red | | | | | | |
| Gail Patterson-Gladney (Van Buren) | Red | Blue | Blue | Green | Green | Blue | | | | | | |

as of 6/12/26

| | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |

- Green = present
- Red = absent
- Black = not a member
- Gray = meeting cancelled
- Blue = present virtually



2026 Board Member Roster

Barry County

- Jeff Knaiz *Board Regulatory Compliance Committee
- Vacant (Alternate)

Berrien County

- Allen Edlefson *Board Regulatory Compliance and Board Finance Committees
- Edward Meny (Alternate)

Branch County

- Tom Schmelzer – Vice-Chair *Board Finance Committee
- Jon Houtz (Alternate)

Calhoun County

- Sherii Sherban – Chair Ad Hoc for all Sub Committees
- Stephanie Swanson-Chang (Alternate)

Cass County

- Kayla Wisniewski
- Jesse Binns (Alternate)

Kalamazoo County

- Michael Seals – Secretary *Board Finance Committee
- Karen Longanecker (Alternate)

St. Joseph County

- Carol Naccarato *Board Finance Committee
- Cathi Abbs (Alternate)

Van Buren County

- Tina Leary *Board Regulatory Compliance Committee
- Gail Patterson-Gladney (Alternate)

*Sub Committee appointee

Updated 5/8/26

**STATEMENT OF WORK #4
TO MASTER SERVICES AGREEMENT**

All services provided by Wakely Consulting Group, LLC, a Delaware limited liability company d/b/a Wakely Consulting Group, an HMA Company, including its affiliates, subsidiaries, and its parent company, Health Management Associates, Inc. (“Company” or “Wakely”) pursuant to this Statement of Work 4 (“SOW”) shall be performed strictly in accordance with the terms and conditions stated in that certain Master Services Agreement dated May 1, 2023 by and between Company and Michigan Consortium for Healthcare Excellence (“Client”) (the “Agreement”), which are incorporated herein by reference.

PROJECT NAME:

MCHE: BH Rate Setting Analysis

ATTACHMENT 1:

Attachment 1 is incorporated herein by reference and includes detail on the scope of services; deliverables; assumptions and limitations; team; and fees and expenses.

SCHEDULE AND TERM OF SOW:

This SOW will begin on June 5, 2026 (“SOW Effective Date”) and shall continue in effect until December 31, 2026, unless terminated earlier pursuant to the provisions of the Agreement. The staffing arrangements and the scope of work stated in this SOW apply to this project only.

This SOW is signed to be effective as of the SOW Effective Date. Each signer represents that the signer is a duly authorized officer, director, or agent of the party on whose behalf the signer is acting.

| | |
|--|--|
| <p>Wakely Consulting Group, LLC, a Delaware limited liability company d/b/a Wakely Consulting Group, an HMA Company, including its affiliates, subsidiaries, and its parent company, Health Management Associates, Inc.</p> | <p>Michigan Consortium for Healthcare Excellence</p> |
| <p>Signed by: BY: <i>Frank Ingiosi</i> 5F67D7B36A8F428...</p> | <p>DocuSigned by: BY: <i>Megan Rooney</i> 5FE5EBB8A40B425...</p> |
| <p>NAME: Frank Ingiosi</p> | <p>NAME: Megan Rooney</p> |
| <p>TITLE: Contracts Senior Director</p> | <p>TITLE: President</p> |

HMA Project #: 340736

MSA/CSA #: CSA576

ATTACHMENT 1

SCOPE OF SERVICES

Ongoing Capitation Rate-Setting Process Support

Wakely will:

1. Leverage rate setting templates such as Financial Status Reports (FSRs) and Encounter Quality Initiative (EQI) reports to understand claims experience, trend, and other financial components used in the rate setting process.
2. Support forecast development to utilize for Michigan Department of Health and Human Services (MDHHS) rate negotiations as a tool to demonstrate rate increases needed and quantify the impact of various rate setting factors (e.g., area or category of aid).
3. Review rate setting information provided by the State's actuaries to identify opportunities to question pricing assumptions and further analysis to support the rate negotiation strategy.
 - a. Review and evaluate the appropriateness of the methodology and assumptions used to determine prospective rate setting trends.
 - b. Review the rate-setting methodology and assumptions supporting the proposed capitation rates, including all rate development reports and exhibits. Determine the reasonableness of adjustments, identify errors or inconsistencies with actuarial standards, and announced rate-setting policy and program decisions.
4. Assess the impact of membership changes due to end of Public Health Emergency ("PHE") in support of rates.
5. Work with the MCHE to understand any other items that may impact the program or rate setting. Support analysis to demonstrate MCHE costs not addressed in the rate methodology.
6. Assist the MCHE in the negotiation process of the capitation rates released by MDHHS. Provide information of current rating practices and effective rate negotiation strategies based on Wakely support in other states.
7. Attend regular MCHE steering committee meetings and prepare updates to keep the committee apprised of rate-setting concerns. Communicate Wakely's progress on rate-setting analyses and discussions with the state, Milliman, and other rate-setting stakeholders.
8. Produce an Actuarial Memorandum that may or may not be shared publicly at the MCHE's discretion. The report will provide a summary of key findings and potential issues identified in the course of our review, as well as the state responses to Wakely findings and any resulting rate changes made by the state.
9. Perform any additional ad-hoc analyses as desired by the MCHE. Any ad-hoc work requiring significant additional effort could potentially impact the budget outlined in this document.

DELIVERABLES

Pursuant to the scope of services discussed above, Company will provide the following deliverables:

Wakely will produce Actuarial Memorandums that may or may not be shared publicly at the MCHE's discretion. The report will provide a summary of key findings and potential issues identified in the course of our review, as well as the state responses to Wakely findings and any resulting rate changes made by the state. If helpful, Wakely can meet with the State to share results of our analysis and support the rate negotiation process.

TEAM

Suzanna-Grace Tritt will serve as the project manager and will ensure timely completion of deliverables, coordinate team activities, and provide consistent communication with you.

FEES AND EXPENSES

Wakely will bill at our normal hourly rates. Our estimated costs for rate setting support provided in calendar year 2026 are between \$45,000 and \$65,000. This includes utilizing the available documents produced by MDHHS, Milliman, and the field for targeted analyses, rate negotiation strategy development, and meetings with MDHHS and other stakeholders in the rate-setting process. The range of estimates reflect typical rate negotiation cycle support.

As the project progresses, additional requests are made, or the scope evolves, we will provide updated estimates on the overall professional fees and expenses if necessary. We will submit invoices monthly for services provided in the previous month. These invoices will be payable upon receipt.

| Hourly Billing Rates | |
|--|-------------------|
| Classification | 2026 Hourly Rates |
| Chief Executive Officer/Principal/ Director/Senior Advisor (Actuarial) | \$695 |
| Senior Consulting Actuary II/ Senior Consultant II | \$655 |
| Senior Consulting Actuary I/ Senior Consultant I | \$580 |
| Consulting Actuary II/ Consultant II | \$500 |
| Consulting Actuary I/ Consultant I | \$420 |
| Senior Benefits Consultant | \$375 |
| Associate Actuary/ Senior Actuarial Analyst/ Senior Analyst | \$350 |
| Actuarial Analyst/ Analyst | \$295 |
| Senior Accountant | \$235 |
| Senior Project Manager/ Project Manager | \$210 |
| Actuarial Intern/Administration | \$145 |

Company billing rates increase on January 1st of each calendar year, unless Company and Client agree otherwise in writing (Master Services Agreement: Section 7. Compensation and Expenses).