Southwest Michigan Behavioral Health Board Meeting
5250 Lovers Lane, Suite 200, Portage, MI 49002
September 11, 2026
9:30 am to 11:30 am
(d) means document provided
Draft: 9/3/26

1. **Welcome Guests/Public Comment**

2. **Agenda Review and Adoption (d) pg.1**

3. **Financial Interest Disclosure Handling**
   - none

4. **Consent Agenda**

   a. August 14, 2026, SWMBH Board Meeting Minutes (d) pg.3
   b. August 7, 2026, Board Finance Committee Meeting Minutes (d) pg.7
   c. August 12 and August 26, 2026, Operations Committee Meeting Minutes (d) pg.9

5. **Retirement Plans Presentation (Doerschler and Associates) (d) pg.19**

6. **Fiscal Year 2026 Year to Date Financial Statements and Cash Flow Analysis**

   a. Year to Date Financials (G. Guidry) (d) pg.29
   b. Fiscal Year 2027 Draft Budget (G. Guidry) (available at the meeting)
   c. Operations Committee

7. **CMH Board Updates**
   SWMBH Board Member opportunity to provide an update from their respective CMH Board to facilitate ownership linkage
   - Barry
   - Berrien
   - Branch
   - Calhoun
   - Cass
   - Kalamazoo
   - St. Joseph
   - Van Buren

8. **Required Approvals**

   - Board Finance Committee Charter Review (d) pg.49

9. **Ends Metrics Updates *(*Requires motion)***

   - None scheduled

10. Board Actions to be Considered

- Board's Auditing Firm Selection - Management Recommendation (G. Guidry) (Handout)

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

a. 2.9 Communication and Support to the Board (S. Sherban) (d) pg.51
b. 4.2 Accountability of the Executive Officer (d) pg.53

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

- 2.7 Compensation and Benefits (M. Seals) (d) pg.54

13. Board Education

a. Compliance Role and Function (A. Strasser) (d) pg.58
b. Fiscal Year 2027 Performance Improvement Project (PIP) (A. Lacey) (d) pg.72

14. Communication and Counsel to the Board

a. PIHP Litigation and PIHP Post Procurement Cancelation Updates (M. Todd)
b. Intergovernmental Agreement Update (M. Todd)
c. 2026 Board Attendance reports (d) pg.77
d. October Board Policy Direct Inspection – 2.4 Financial Conditions and Activity (Board Finance Committee); 2.8 Emergency Executive Officer Succession

15. Public Comment

16. Adjournment

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

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

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

Next Board Meeting
October 9, 2026
9:30 am - 11:30 am

Southwest Michigan
BEHAVIORAL HEALTH

Board Meeting Minutes
August 14, 2026
5250 Lovers Lane, Suite 200, Portage, MI 49009
2:00 pm-3:30 pm
Draft: 8/14/26

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

Members Present via MS Teams: Kayla Wisniewski

Members Absent: None

Guests Present: Mila Todd, Interim CEO, SWMBH; Anne Wickham, Chief Administrative Officer, SWMBH; Alena Lacey, Chief Clinical Officer, SWMBH; Ella Philander, Executive Project Manager, SWMBH; Michelle Jacobs, Senior Operations Specialist & Rights Advisor, SWMBH; Jon Houtz, Board Alternate; Cathi Abbs, Board Alternate; Bill Mattson, Board Alternate; Cameron Bullock, Pivotal; Debbie Hess, Van Buren CMH; Ric Compton, Riverwood;

Guests Present via MS Teams: Gail Patterson-Gladney, Board Alternate; Michael Mallory, Woodlands; Rich Thiemkey, Barry County CMH

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

Public Comment
None

Agenda Review and Adoption
Motion Tom Schmelzer moved to approve the agenda as presented.
Second Allen Edlefson
Motion Carried

Financial Interest Disclosure (FID) Handling
None

Consent Agenda
Motion Jeff Kniaz moved to approve July 10, 2026, Board meeting minutes; July 2, 2026, Board Finance Committee meeting minutes; and July 8 and July 22, 2026, Operations Committee meeting minutes as presented
Second Allen Edlefson
Motion Carried

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

Mila Todd presented Period 9 financial statements and Period 10 Variance Report as documented and noted:

- Period 10 variance report noting that all eligibles are down significantly, losing thousands in TANF and HMP with some lost in DABS. SWMBH is reaching out to State for answers regarding decline. CMHs have been working with local DHS case workers with no answers known for decline. This trend has occurred throughout the entire Fiscal Year. Annualized out would be a projected $11.5 million shortfall
- MDHHS continues to assert that there will be a mid-year rate adjustment, with no additional details provided. Comments by MDHHS Actuarial Division at a recent meeting that mid-year rate adjustments have occurred the past three years and MDHHS wants to move away from these being necessary.
- Reviewed year-to-date revenue and expenses
- Period 9 - $19.6 million surplus in Medicaid funds
- Period 9 - $7.2 million shortfall in Health Michigan Plan
- SUD PA2 fund balance - $6.2 million surplus
- Income Statement - $13.1 million surplus through P9
- 8/31 meeting with MDHHS regarding the Deficit Elimination Plan. The other PIHP lawsuit was scheduled for meditation yesterday, no updates on outcome.
- Meeting with MDHHS next Thursday regarding Fiscal Year 2027 rates. SWMBH is working to develop an eligibility trends model and has engaged Rehmann to complete a Fiscal Year 2027 revenue projection.
- Operations Committee agreed to 2025 cost settlements for 7 of the 8 CMHs with ISK holding their receivable until June 2027, then settling FY25 and FY26 net.
- SWMBH cash flow issues have been temporarily rectified by a 30-day delay in claims payments along with a 45-day delay in the HSW payments to 6 of the 8 CMHs, and 1 CMH receiving a payment reduction against FY26 settlement due to SWMBH.
- Ongoing meetings with Woodlands to explore funding diversification and additional grants Discussion followed

Operations Committee Update

Cameron Bullock distributed a handout covering key topics from recent Operations Committee meetings. Discussion followed.

CMH Board Updates

Barry- Board received a youth services presentation on CMH services and approval of purchasing 2 new vehicles

Berrien- Riverwood is working with other Berrien County Agencies on the Rural Health Transformation Grant from CMS which has been awarded. The grant will provide funding for Community Health Workers to strengthen and align services across “the Community of Care Hub for Southwest Michigan”. This CMS grant has been awarded to the Healthy Berrien Consortium which is currently searching for a director to lead the program. Riverwood has also applied for a Rural Health Transformation Grant through MDHHS for Mental Health provider Retention and Recruitment. If Riverwood is awarded this grant, Riverwood would provide retention benefits to therapists and other MH professionals.

Branch- Psychiatric hospital unit closed (18-24 months) may not reopen, issues with placement in Branch County which results in more cost and inconvenience, working with Insite (new owner of hospital). 1 Board member passed away, the director of Coldwater police and fire, on Recipient Rights committee, will be difficult to replace. Submitted grants for CCBHC through SAMSHA – this one is intended to enhance our program including through patient portals, staff burnout, positions for housing and transportation specialists but highly competitive grant. Public Relations Committee continues outreach into the community
Calhoun- 5-year grant, mobile crisis unit, strategic plan development beginning
Cass- Woodlands is pursuing grants and diversified funding
Kalamazoo-ISK Board is concerned with funds and funding. A request was made to have Mila attend a Board meeting. ISK housing department has a wait list and there are ongoing encampment issues. Two new Board members are joining
St. Joseph-business as usual. New building project finalization excepted December 7th and parking lot almost complete. Mobile Crisis unit vehicle to meet people where they are at
Van Buren-summer pilot program

Ends Metrics Updates
None

Required Approvals
None

Board Actions to be Considered
None

Board Policy Review
None scheduled

Executive Limitations Review
2.0 Global Executive Constraint
Carol Naccarato reported as documented.

Motion	Carol Naccarato moved that the Executive Officer is in compliance with policy 2.0 Global Executive Constraints and the policy does not need revision.
Second	Michael Seals
Motion Carried	

2.2 Treatment of Staff
Jeff Kniaz reported as documented.

Motion	Jeff Kniaz moved that the Executive Officer is in compliance with policy 2.2 Treatment of Staff and the policy does not need revision.
Second	Michael Seals
Motion Carried	

Board Education
Fiscal Year 2025 Substance Use Disorder Data
Joel Smith reported as documented. Discussion followed.

Communication and Counsel to the Board
PIHP Litigation and PIHP Post Procurement Cancelation Updates
Mila Todd reported as documented and noted the following:

- Court denied MDHHS's Motion to Dismiss Plaintiffs appeal. This denial is not a win or a loss on the merits of the case but is positive for us as it allows the case to proceed.
- RFP for Auditing Services - Roslund Prestage was the only response. Rosland Prestage provided a response regarding their firm's external quality assurance and peer review processes
- SWMBH and PCE meetings continue with an October 2027 implementation date projected. Implementation begins no sooner than October 2026 and no later than January 2027. Discussion followed.

MDHHS Fiscal Year 2024 Workpaper Review
Document included in the packet for the Board's review.

2026 Board Attendance and Board Roster
Document included in the packet for the Board's review.

September Board Policy Direct Inspection
2.1 Treatment of Plan Members (T. Leary) and 2.7 Compensation and Benefits (M. Seals)

Public Comment
None

Adjournment

Motion	Tom Schmelzer moved to adjourned at 11:00am
Second	Jeff Kniaz
Motion Carried	

Southwest Michigan
BEHAVIORAL HEALTH

Board Finance Committee Meeting Minutes
August 7, 2026
SWMBH, 5250 Lovers Lane, Suite 200, Portage, Michigan 49002
1:00-2:30 pm
Draft: 8/13/26

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

Guests: None

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	Allen Edlefson moved to approve the minutes as presented.
Second	Michael Seals
Motion Carried	

SWMBH YTD financial statements

Garyl Guidry presented Period 9 financial statements as documented and noted:

- Eligibles- All eligibles are down and down from what Milliman projected. The trend has occurred throughout the entire Fiscal Year.
- There will be a mid-year rate adjustment. Maybe the end of August
- Reviewed year-to-date revenue and expenses
- Period 9 - $19.6 million surplus in Medicaid funds
- Period 9 - $7.2 million shortfall in Health Michigan Plan
- SUD PA2 fund balance - $6.2 million surplus
- Income Statement - $13.1 million surplus through P9
- No rates for 2027 as of today. This is later than any other time with a August 20th meeting scheduled
- Late August or early September SWMBH should receive the $1 million HSW adjustment payment for October and November of 2025
- Meetings continue with MDHHS regarding the Deficit Elimination Plan
- Operations Committee agreed to 2025 cost settlements for 7 of the 8 CMHs with ISK holding their receivable until June 2027

Discussion followed.

SWMBH Revenue Variance Report
Garyl Guidry reviewed Period 10 variance report noting that all eligibles are down significantly losing thousands in TANF and HMP with some loss in DABS. SWMBH is reaching out to State for answers regarding decline. CMHs have been working with local DHS case workers with no answers known for decline. Discussion followed.

SWMBH Check Registers
Garyl Guidry reported as documented noting that SWMBH rent to Hinman has increased. Discussion followed.

SWMBH Cash Flow Analysis
Garyl Guidry reported as documented noting a 45-day delay in payments to 6 of the 8 CMHs on HSW with 1 CMH receiving a payment reduction and 1 not able to delay or received a reduced payment. Funds are still being distributed to Woodlands to keep the CMH cash solvent. Ongoing meetings with Woodlands which includes grant exploration and funding diversification. No RFP has been released yet. Discussion followed.

Roslund Prestage Auditing Services
Garyl Guidry reported as documented. Discussion followed.

SWMBH Single and Compliance Audits
Garyl Guidry reported as documented noting clean audits with no findings. Discussion followed.

Adjourn
Motion Micheal Seals moved to adjourn
Second Carol Naccarato
Motion Carried
Meeting adjourned the meeting at 2:07pm.

Date:	8/12/26
Time:	9:00 am – 11:00 am
Facilitator:	Debbie
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 08/05/26

Agenda Topics:	**Discussion Points:**	**Minutes:**
1. Agenda Review & Adoption (d)		
2. Prior Meeting Minutes Review (d)		
3. Financial Stability **a. SWMBH Period 09 financials (if available)** **b. State/Milliman Meeting Updates** **c. Rehmann Financial Reporting Consultation** **d. SWMBH Cashflow**	• Regional Rate development – calculation evaluation (SWMBH/ISK)	• Eligibles between P9 and P10: a significant decrease in eligibles. Roughly 5000 eligibles across all populations. • FY 26 Midyear Rate Adjustment ○ Still plans on doing an adjustment, but the timing will likely be at the end of August/September. No known increases or what that looks like.

		• FY 27 Rate meeting, August 20th.
		• P09 Financials – 11 million less than what was forecasted in FY 26 revenues.
		• Medicaid -$19.6 million surplus
		• HMP deficit of $7.2 million
		• Projected surplus of $17.5 million for FY 26; net of FY 25 deficit is roughly $4 million to ISF if we do not receive the FY 26 rate adjustment
		• Cash flow – 2 options:
		  ○ Delay HAB support waiver net of 45 days; 6/7 elected this
		  ○ Reduce against FY 26 in the amount of 150k per month for 3 months. 1/7 elected this option.
		  ○ SWMBH is delaying claims payments to net 15 vs immediately paying, which allows better cash flow.
		• FY 24 formal ask to MDHHS to get FY 24 settlement, which they owe 10 million. FY 22 settlement: SWMBH owes $4 million. Trying to figure out how all this factors out. They are looking to net all the due-to/due-froms. If set all together, it would be a net due to SWMBH of $6 million.

4. FY27 Regional Budget	• Eleos allocation	• CMH's supplied the CCBHC/PIHP percentages to Garyl. ○ Need to identify FY 26/FY 27 verification of the percentage of CCBHC services for cost allocation, and then SWMBH will put it in writing for FY 26 cost settlement and FY 27 contracting/MOU options. Will be further considered.
5. FY25 Deficit Handling	• 8/31 @ 11am	• Still the plan to use current year's surplus for last year's deficit. The state has not yet confirmed. • All PIHPs signed FY 26 contracts, which reset the sunsetting portions of the state transitions of PIHPs to 2 years again. • MDHHS asked SWMBH to aga in put in writing the request to waive applicable contract provisions to allow for use of FY26 surplus funds to cover FY25 deficit and include this request with formal FY26 projection submission to MDHHS.
6. FY25 SUE Follow-up	• Status of Autism Workgroup Formation	• First ABA workgroup meeting was last week.

		• Working on clear pathway guidance from Center-based to in-home programming. • Authorization challenges and UM practices and processes. • Hope that there is a centralized testing and processing for autism. • Meeting on a monthly basis, with an end goal of 3-4 months max. • FY 25 – $35 million in expenses, $31 million in revenue. • FY 26 – $34 million in expenses and $43 million in revenue due to the change in Regional rates vs. the previous methodology from the state.

7. PIHP Competitive Procurement/System Improvement Opportunities		• We filed an appeal challenging the Court of Claims determination that MDHHS has the authority to unilaterally draw the geographic boundaries of any future PIHP regions.
		  ○ MDHHS filed a Motion to Dismiss our Appeal. We filed a response.
		  ○ Both sides (MDHHS and us) filed briefs on the merits of the appeal – meaning we filed written arguments outlining our position and arguments, and

		what we are asking the Court of Appeals to do. ○ Yesterday we received an update that the Court of Appeals denied MDHHS's motion to dismiss the appeal. While this ruling does not resolve anything definitively in our favor, it does mean that our appeal is still alive on whether MDHHS has the authority to reduce the number of PIHPs and dictate the geographic boundaries of the PIHPs. If the court had granted the motion to dismiss, our appeal would be over.
8. Environmental Disruptors	• CMS 0057 • CFAP Workgroup • Mental Health Framework • HR1	• **N/A**
9. OC Projects Revisit	• Examples: N/A	• N/A
10. Parking Lot/On-hold Topics	• Assets & Liabilities Workgroup • FY25 PBIP Distribution • PCE Transition • Beacon Contract	• BAA with PCE NDA already signed with PCE, meeting with Jeff Chang to schedule next steps and process. • ISK historically handles the hospital contract; Borgess was acquired by Beacon; lots of redlines; Ashley (ISK) and Mila

		have been chatting. Lots of concerns with things being added and deleted, i.e. removing sanctions. Ask CMHs to review the agreement and make comments.
11. Next Meeting- August- Debbie September – Ric October - Jeannie	08/26/26	• Moving meetings to hybrid for the first meeting. • Second meeting will be in person. • September 9th, 1-hour Teams. • September 30th will be in person 9a-11a. • Reevaluate in October for November and December meetings. • Reevaluate for January – December of next year.
12. 11-12 pm CMH CEOs		

Date:	8/26/26
Time:	9:00 am – 11:00 am
Facilitator:	Ric (switched Debbie)
Minute Taker:	Cameron
Meeting Location:	MS Teams only Click here to join the meeting

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

Version 08/25/26

Agenda Topics:	**Discussion Points:**	**Minutes:**
1. Agenda Review & Adoption (d)		
2. Prior Meeting Minutes Review (d)		Approved in the meeting v1 minutes.
3. Financial Stability **a. SWMBH Period 10 financials** **b. State/Milliman Meeting Updates** **c. Rehmann Financial Reporting Consultation** **d. SWMBH Cashflow**	• Regional Rate development – calculation evaluation (SWMBH/ISK)	• July results – Drastic reduction in TANF and HMP populations. Lost over 2k people in these categories. • This is similar across the PIHPs, and the department has not yet provided a response. No current recognition from the state as to why there is such a significant decrease prior to HR 1. • Currently projected to get 11.5 less than what we were told via the state we would

		receive. 10.5 million current surplus, potentially an 8.5 million surplus after a correction to Van Buren Medicaid 1/3rd party adjustments. – Van Buren and Garyl to still confirm with Rehmann. • FY 26/27 rates adjustment – Rate meetings on 8/20 and 8/24 have both been cancelled. No FY 26 rate adjustments have been given yet. • Delayed HAB waiver payments have resulted in sufficient action to maintain cash flow for SWMBH at this time. • All CCBHC payments have gone out, and 7/8 Medicaid payments have gone out, with the exception of ISK, which is holding theirs.
4. FY27 Regional Budget	• FY27 draft rate meeting with MDHHS • Eleos allocation follow-up	• No FY 27 rate dates have been provided yet. • Expense budget to be sent by 8/31 to Garyl, with revenue rates flat, to begin to get a budget for SWMBH's approval. • SWMBH will get a second opinion from Rehmann to verify assumptions and trends for the SWMBH budget, just to help with verification.

		• Eleos is going to Finance for the last conversation, and then final allocation numbers will come to OC in September for approval.
5. FY25 Deficit Handling	• Mtg. 8/31	• As of now, 8/31 is still a go; the state usually keeps this meeting.
6. FY25 SUE Follow-up	• Status of Autism Workgroup Formation	• Next meeting is coming up; doing much better with regional rates in the Autism section.
7. PIHP Competitive Procurement/System Improvement Opportunities		• As of this morning, there was no RFP posted. • Joint representative agreement is still waiting for 4 signatures, 2 in our region and 2 in Mid-state for the agreement.
8. Environmental Disruptors	• CMS 0057 • CFAP Workgroup • Mental Health Framework • HR1 • Candidate Letters	• Looking into Eleos and ensuring we can continue to utilize it with the state's new contract requirements. It is believed that it is not providing an actual service, but a software solution that can be distinguished differently. • MDHHS contract that was sent out with its 4 summaries of changes. Mila did a side-by-side review; it does appear to be a CFAP setup. • Mila has prepared a letter to candidates and offered to meet up with CMH and

		SMWBH to explain the system. • Potential invite to Philanthropic groups and do an education session with them to be able to help support the impending gaps that will be brought to the system.
9. FY25 CCBHC QBP Results	• FY25 CCBHC QBP Results	• Ok to place in the board packet.
10. OC Projects Revisit	• Examples: PCE, SUE, rate development analysis, etc.	
11. Parking Lot/On-hold Topics	• Assets & Liabilities Workgroup • FY25 PBIP Distribution	
12. Next Meeting- **August- Debbie** **September – Ric** **October - Jeannie**	9/9/26 virtual only from 9 am-10 am	
13. 11-12 pm CMH CEOs		

Southwest Michigan Behavioral Health Board of Directors Meeting September 11th, 2026

Carl Doerschler, AIF®, CPFA, CMFC
Doerschler & Associates Wealth Management, LLC
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Doerschler & Associates
WEALTH MANAGEMENT

Overview

Service Providers:

- Vendor: Empower Retirement
- Administrator: Kushner & Company
- Financial Advisors: Carl Doerschler and Jill Ingersoll at Doerschler & Associates Wealth Management, LLC
- Sponsored Retirement Plans:
- 457(b) Deferred Compensation Plan
  - Employee Elective Deferrals
- 401(a) Retirement Savings Plan
  - Employer Match
- 401(a) Social Security Alternative
  - Social Security Alternative Contributions

Services Provided to SWMBH:

- Semi-Annual scheduled Fiduciary Review Meetings
- Co-Fiduciary 3(21) Advisory Services
- Consult with Investment Committee
- Prepare and maintain Investment Policy Statements (IPS)
- Recommend specific investments for each plan
- Prepare Investment Performance Reports
- Provide participant advice including enrollments and education
- Provide plan benchmarking analysis
- Assist with plan design consultation
- One-on-one education with each employee to discuss account contribution rates and investments
- Personal one-on-one enrollments for new employees

Statistics / Demographics

Deferred Compensation - 457(b) Plan

- Plan Balance as of 6/30/2026: $4,568,158
- Quarterly returns are as follows: **Q425: +2.55%, Q126: -1.05%, Q226: +10.6%**
- Participants experienced an estimated average annualized compounded growth rate of 12.00% over the past eight years.
- There are 57 participants eligible to participate. All 57 are participating for a 100% participation rate (Based on 2025 Annual Valuation).

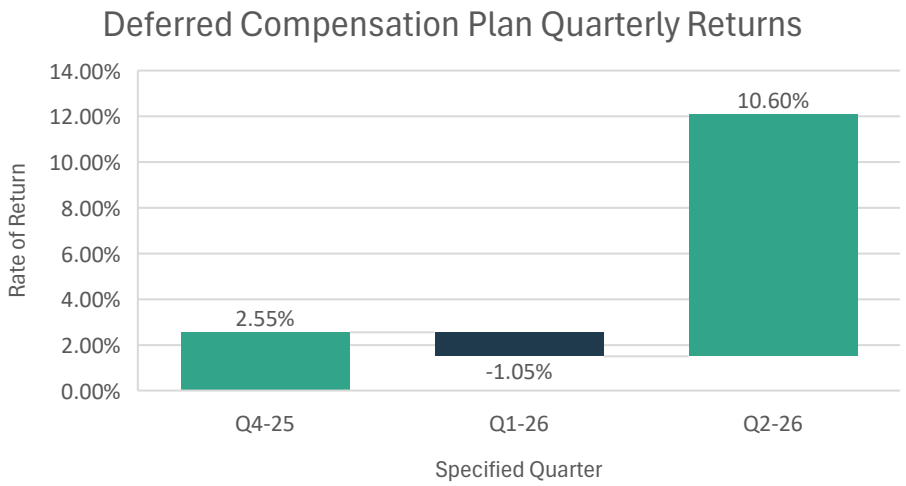
Retirement Savings Plan - 401(a) Plan

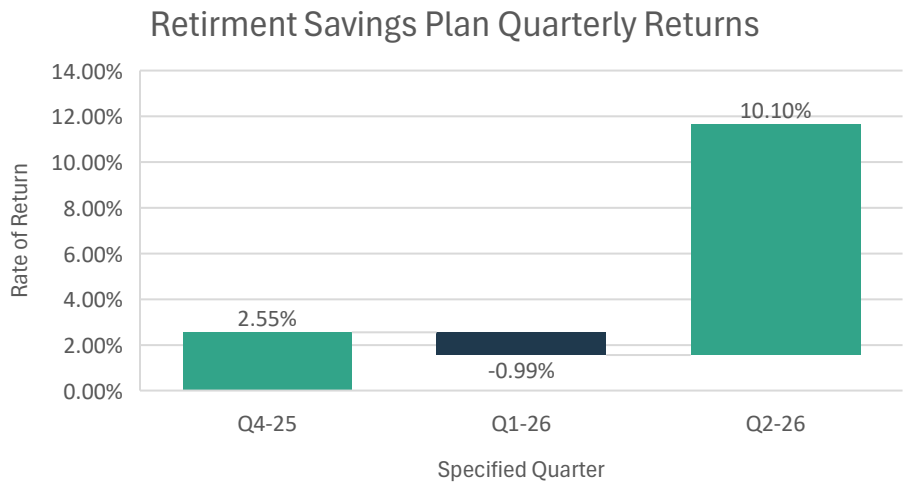
- Plan Balance as of 6/30/2026: $4,669,433
- Quarterly returns are as follows: **Q425: +2.55%, Q126: -0.99%, Q226: +10.10%**
- Participants experienced an estimated average annualized compounded growth rate of 14.00% over the past eight years.
- There are 57 participants eligible for the employer match, and all 57 are receiving the employer match (Based on 2025 Annual Valuation).
- Employer match is $1 for $1 up to 5%

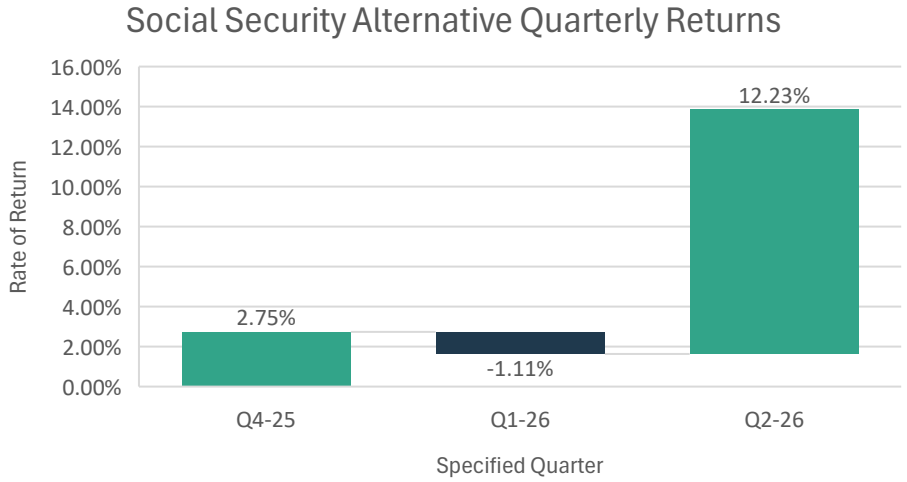
Social Security Alternative - 401(a) Plan

- Plan Balance as of 6/30/2026: $5,290,233.25
- Quarterly returns are as follows: **Q425: +2.75%, Q126: -1.11%, Q226: +12.23%**
- Participants experienced an estimated average annualized compounded growth rate of 14.00% over the past eight years.
- There are 57 participants eligible to participate. 38 participants are contributing for a 67% participation rate (Based on 2025 Annual Valuation).

2026 Quarterly Performance Results







Best Interest Practice Management

BEST INTEREST CONTRACT RULE.

NO KNOWN CONFLICTS OF INTEREST.

NO REVENUE SHARING ARRANGEMENTS, SUCH AS 12B-1, SUB-TA, COMMISSIONS, OR LOADS OR SALES CHARGES.

DIVERSIFIED LINE-UP OF INVESTMENTS.

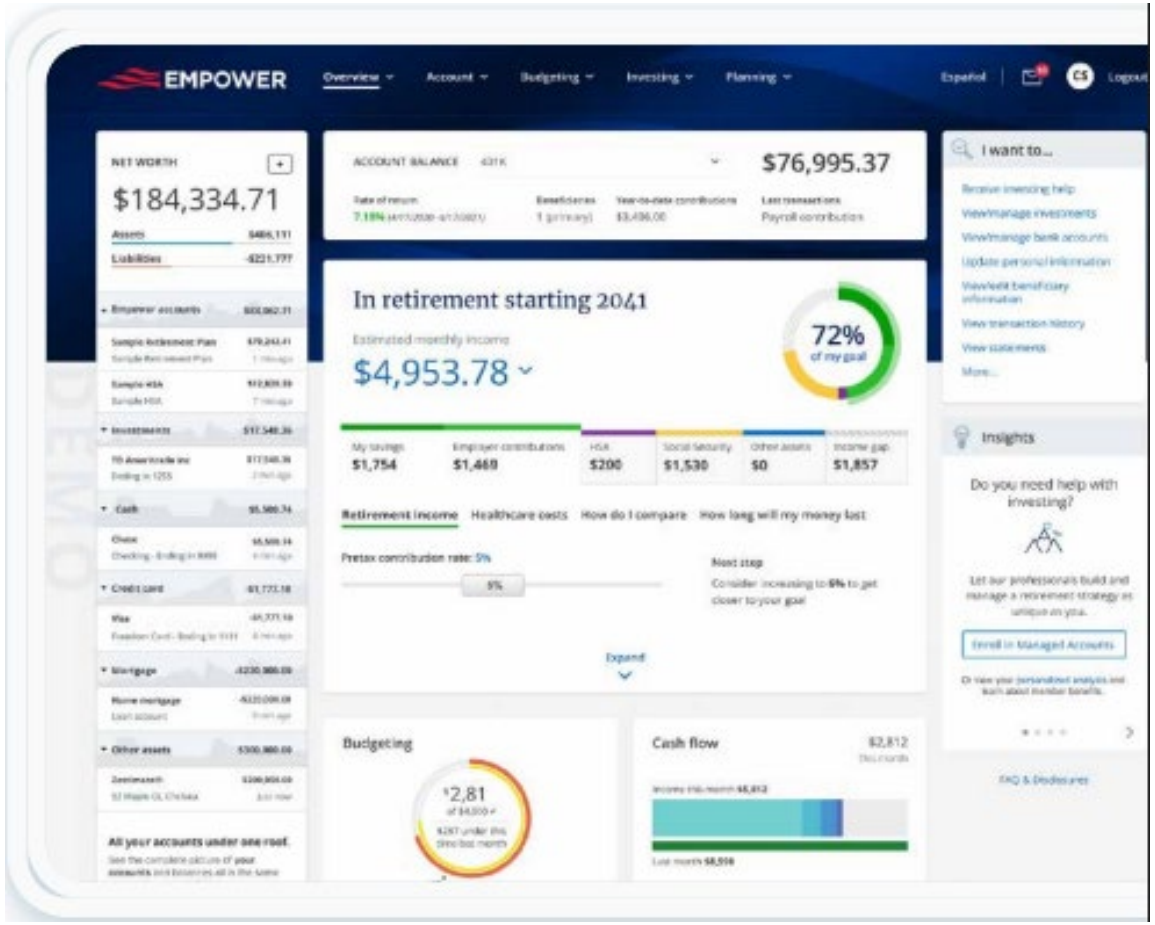
BROAD RANGE OF INVESTMENT OFFERINGS INCLUDING VANGUARD TARGET DATE FUNDS.

ALL INVESTMENTS MEET OR EXCEED THE STANDARDS SET FORTH IN THE INVESTMENT POLICY STATEMENTS (IPS).

ACTIVELY MONITORING THE WATCH LIST

Summary of Material Modifications

- Vendor Change from Nationwide Financial to Empower Retirement
  - Completed as of September 2025
- Eliminated Nationwide Proprietary Investments
- Reduced Asset Base Fee by 0.05% (From 0.26% to 0.21%)
- Reduced Asset Allocation Weighted Average Expense Ratios
  - Nationwide Destination Conservative (GMICX) – 0.51% Gross Expense Ratio mapped to Vanguard Life Strategy 20/80 (VASIX) – 0.10% Gross Expense Ratio
  - Nationwide Destination Moderate Conservative (GMIMX) – 0.50% Gross Expense Ratio mapped to Vanguard Wellesley® Income Fund Admiral (VWIAX) – 0.15% Gross Expense Ratio
  - Nationwide Mid Cap Market Index (GMXIX) – 0.28% Gross Expense Ratio mapped to Vanguard Mid Cap Index (VIMAX) – 0.05% Gross Expense Ratio
  - Nationwide Small Cap Index (GMRIX) – 0.35% Gross Expense Ratio mapped to iShares Russell 2000 (BRMKX) – 0.07% Gross Expense Ratio
- Improve Participant Experience Through Enhanced Technology



Transition Guide

- Important Historical Dates
  - July 18th, 2025 - Completed ☑
    - Last Day to process participant account activity at Nationwide Financial.
    - Deadline for account updates and changes including investment changes and rebalancing.
    - Blackout Period begins (Limited account access at Nationwide Financial and Empower Retirement).
  - August 7th, 2025 – Completed ☑
    - Blackout period is expected to conclude.
  - August 8th, 2025 - Completed ☑
    - “Go Live” with Empower Retirement

Historical Fee Benchmarking

	Nationwide	Nationwide	Nationwide	Nationwide	Empower	Empower
	Plan Year 2021	Plan Year 2022	Plan Year 2023	Plan Year 2024	Plan Year 2025	Current Plan Year 2026
Vendor Costs						
Asset Based Fee	0.47%	0.31%	0.31%	0.31%	0.26%	0.21%
Weighted Average Expense Ratio	0.24%	0.14%	0.16%	0.16%	0.16%	0.11%
Total Vendor/Fund Annual Cost	0.71%	0.45%	0.47%	0.47%	0.42%	0.32%
Financial Advisor Annual Fee	0.40%	0.30%	0.30%	0.30%	0.30%	0.30%
Total (all-in) Fees	**1.11%**	**0.75%**	**0.77%**	**0.77%**	**0.72%**	**0.62%**
Beene Garter TPA Costs:						
Conversion Fee	N/A	N/A	N/A	N/A	N/A	N/A
Document Fee	N/A - Attorney Drafted	N/A - Attorney Drafted	N/A - Attorney Drafted	N/A - Attorney Drafted	N/A - Attorney Drafted	N/A - Attorney Drafted

For 2021, the estimated cost savings for all three retirement plans was approximately $22,679. This is based on $7,315,949.26 in total plan assets with a 0.31% cost savings.

For 2022, the estimated cost savings for all three retirement plans was approximately $47,038. This is based on $7,020,687.12 in total plan assets with a 0.67% cost savings.

For 2023, the estimated cost savings for all three retirement plans was approximately $63,154. This is based on $9,715,952 in total plan assets with a 0.65% cost savings.

For 2024, year over year there was no anticipated cost savings.

For 2025, the estimated cost savings for all three retirement plans are anticipated to be $15,559.30. This is based on $12,966,081 in total plan assets with a 0.12% cost savings.

For 2026, the estimated cost savings for all three retirement plans are anticipated to be $14,766.10. This is based upon the $14,766,101 in total plan assets with an estimated cost savings of 0.10%.

Questions and Answers

Important Disclosures

Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectuses and summary prospectuses, which can be obtained from a financial professional and should be read carefully before investing.

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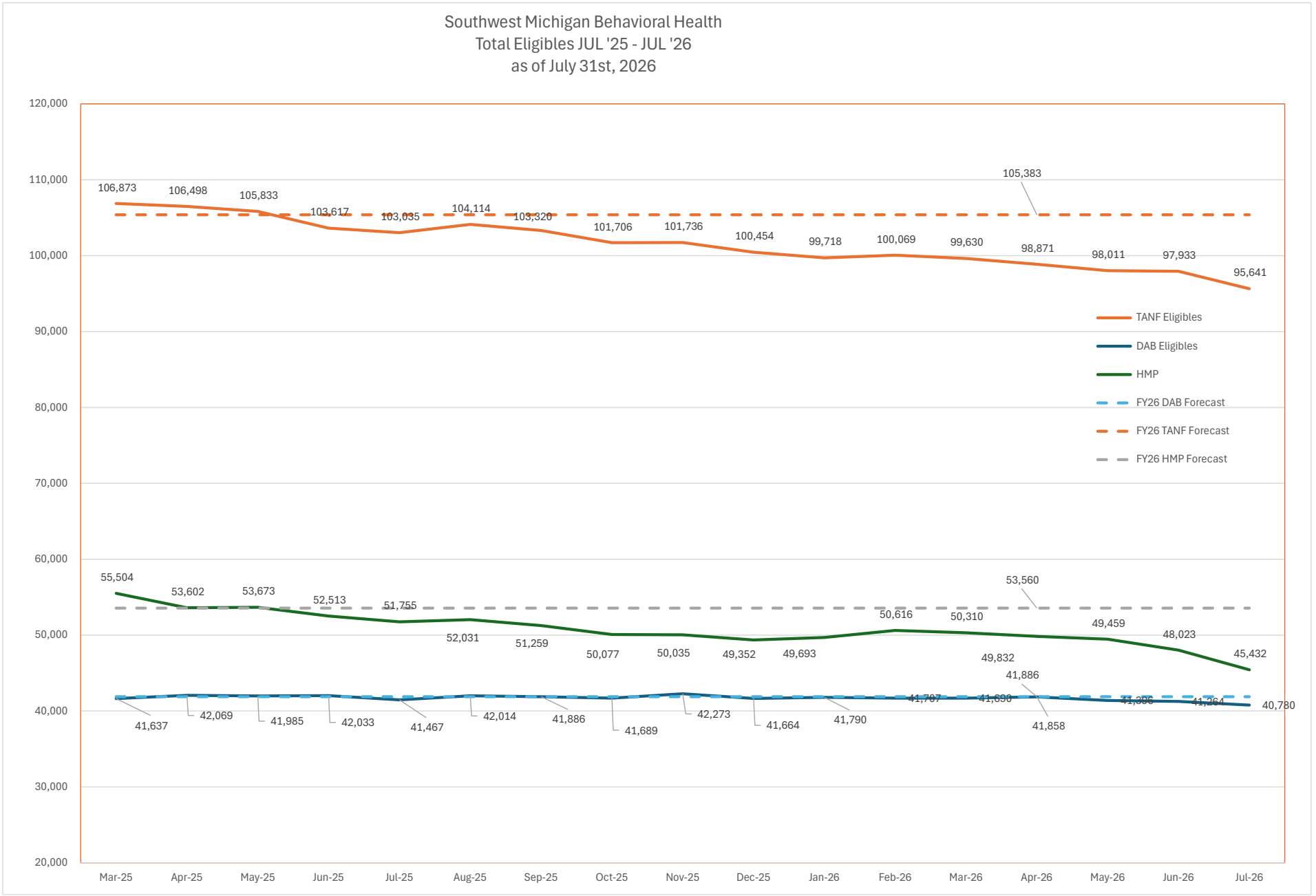
Southwest Michigan
BEHAVIORAL HEALTH

July 2026

Monthly Finance Report


Southwest Michigan Behavioral Health
Total Eligibles JUL '25 - JUL '26
as of July 31st, 2026
120,000
110,000
100,000
90,000
80,000
70,000
60,000
50,000
40,000
30,000
20,000
Mar-25
Apr-25
May-25
Jun-25
Jul-25
Aug-25
Sep-25
Oct-25
Nov-25
Dec-25
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Jul-26
106,873
106,498
105,833
103,617
103,035
104,114
103,320
101,706
101,736
100,454
99,718
100,069
99,630
98,871
98,011
97,933
95,641
105,383
55,504
53,602
53,673
52,513
51,755
52,031
51,259
50,077
50,035
49,352
49,693
50,616
50,310
49,459
48,023
45,432
53,560
41,637
42,069
41,985
42,033
41,467
42,014
41,886
41,689
42,273
41,664
41,790
41,707
41,690
41,858
41,886
40,780
TANF Eligibles
DAB Eligibles
HMP
FY26 DAB Forecast
FY26 TANF Forecast
FY26 HMP Forecast

SWMBH Through July	FY26	FY25	% Change YOY	$ Change YOY
State Plan MH	72,790,743	83,151,138	-12.5%	(10,360,395)
1915i MH	80,559,809	77,381,049	4.1%	3,178,760
Autism	37,745,200	26,046,395	44.9%	11,698,805
Habilitation Supports Waiver (HSW)	*58,199,775*	*53,879,917*	*8.0%*	*4,319,858*
Child Waiver Program (CWP)	*738,169*	*776,958*	*-5.0%*	*(38,789)*
Serious Emotional Disturbances (SED)	*583,498*	*433,873*	*34.5%*	*149,625*
Net Capitation Payment	250,616,884	241,669,328	3.7%	8,947,555
				-
State Plan SA	4,014,376	6,560,629	-38.8%	(2,546,253)
Net Capitation Payment	**4,014,376**	**6,560,629**	-38.8%	(2,546,253)
				-
Healthy Michigan Mental Health	17,646,058	21,434,896	-17.7%	(3,788,838)
Healthy Michigan Autism	1,398	35,668	-96.1%	(34,269)
Net Capitation Payment	**17,647,456**	**21,470,564**	-17.8%	(3,823,108)
				-
Healthy Michigan Substance Abuse	7,834,804	11,261,510	-30.4%	(3,426,706)
Net Capitation Payment	**7,834,804**	**11,261,510**	-30.4%	
				-
GRAND TOTAL	280,113,521	280,962,031	-0.3%	(848,511)

as of 7/30/2026

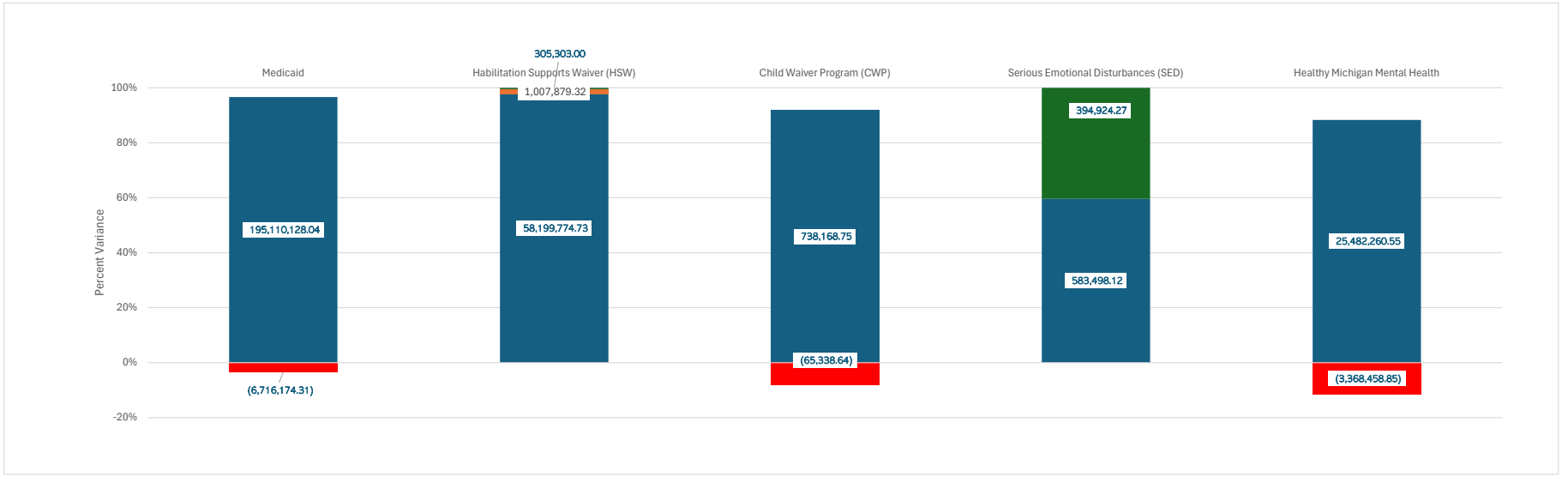
State Plan, 1915i, B3 and Autism have DAB and TANF payments included.

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	234,132,153.65	-	234,132,153.65	(8,059,409.17)	-3.3%	201,826,302.35	195,110,128.04		195,110,128.04	(6,716,174.31)	-3.3%
Habilitation Supports Waiver (HSW)	70,682,821.26	69,839,729.68	1,007,879.32	70,847,608.99	164,787.73	0.2%	58,902,351.05	58,199,774.73	1,007,879.32	59,207,654.05	305,303.00	0.5%
Child Waiver Program (CWP)	964,208.87	885,802.50	-	885,802.50	(78,406.37)	-8.1%	803,507.39	738,168.75		738,168.75	(65,338.64)	-8.1%
Serious Emotional Disturbances (SED)	226,288.62	700,197.74	-	700,197.74	473,909.12	209.4%	188,573.85	583,498.12		583,498.12	394,924.27	209.4%
Healthy Michigan Mental Health	34,620,863.28	30,578,712.66	-	30,578,712.66	(4,042,150.62)	-11.7%	28,850,719.40	25,482,260.55		25,482,260.55	(3,368,458.85)	-11.7%
Overall Net Capitation Payment	**348,685,744.85**	**336,136,596.23**	**1,007,879.32**	**337,144,475.54**	**(11,541,269.31)**	**-3.31%**	**290,571,454.04**	**280,113,830.19**	**1,007,879.32**	**281,121,709.51**	**(9,449,744.54)**	**-3.25%**



Southwest Michigan Behavioral Health

Funding Source Report - PIHP

October 1, 2025 through July 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)	$ 263,948,128	$ 4,014,377									$ 267,962,505
CMHSP Distributions	(243,880,754)	-	10,820,518	46,322,099	13,271,080	43,168,729	14,729,436	76,275,105	15,761,950	23,531,836	-
1st/3rd Party receipts			-	-	-	-	-	(2,031)	-	-	(2,031)
Net revenue	20,067,374	4,014,377	10,820,518	46,322,099	13,271,080	43,168,729	14,729,436	76,273,074	15,761,950	23,531,836	267,960,474
Expense											
PIHP Admin	6,621,961	139,943									6,761,904
ClaimsTax	2,172,965	-									2,206,013
Hospital Rate Adjuster	7,302,369										7,302,369
Services - Managed Care		-	814,145	3,610,692	630,589	4,414,485	1,450,934	8,172,159	2,456,829	2,000,431	23,550,264
Services - Internal		-	372,393	1,588,147	247,823	1,382,391	3,342,009	1,754,391	632,731	2,127,434	11,447,319
Services - External		4,431,585	5,614,508	40,700,660	9,521,856	34,632,755	13,096,041	60,247,917	12,722,050	18,961,293	199,928,666
Total expense	16,097,295	4,571,528	6,801,045	45,899,500	10,400,268	40,429,631	17,888,985	70,174,467	15,811,610	23,089,158	251,196,536
Net Actual Surplus (Deficit)	$ 3,970,080	$ (557,151)	$ 4,019,473	$ 422,600	$ 2,870,812	$ 2,739,098	$ (3,159,549)	$ 6,098,607	$ (49,660)	$ 442,678	$ 16,763,939

Southwest Michigan Behavioral Health

Funding Source Report - PIHP

October 1, 2025 through July 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)	$ 19,656,936	$ 7,834,804	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	$ 27,491,740
CMHSP Distributions	(20,556,199)	-	1,036,357	4,334,098	966,860	3,779,642	1,033,669	6,172,763	1,393,488	1,839,322	(0)
1st/3rd Party receipts	[redacted]	[redacted]	-	-	-	-	-	-	-	-	-
Net revenue	(899,263)	7,834,804	1,036,357	4,334,098	966,860	3,779,642	1,033,669	6,172,763	1,393,488	1,839,322	27,491,740
Expense											
PIHP Admin	780,672	268,996	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	1,049,668
Access Center	-	-									-
ClaimsTax	603,731	-									603,731
Hospital Rate Adjuster	6,661,631	[redacted]									6,661,631
Services - Managed Care	[redacted]	-	191,969	418,251	86,447	765,943	174,940	592,620	290,618	187,427	2,708,216
Services - Internal		-	3,184	160,902	20,116	76,315	1,203,051	8,933	11,249	13,294	1,497,044
Services - External		8,518,289	832,179	2,515,504	693,097	4,013,664	715,496	4,487,283	832,857	961,507	23,569,874
Total expense	8,046,034	8,787,285	1,027,332	3,094,657	799,660	4,855,921	2,093,487	5,088,836	1,134,723	1,162,227	36,090,164
Net Surplus (Deficit)	$ (8,945,297)	$ (952,481)	$ 9,025	$ 1,239,441	$ 167,199	$ (1,076,279)	$ (1,059,818)	$ 1,083,927	$ 258,765	$ 677,094	$ (8,598,424)

Southwest Michigan Behavioral Health

Funding Source Report - PIHP

October 1, 2025 through July 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	$ -	$ 5,600,727	$ 31,463	$ 162,746	$ 23,556	$ -	$ 52,386	$ 93,298	$ 65,807	$ 53,113	$ 6,083,096
1st/3rd Party receipts			-	-	-	-	-	-	-	-	-
Net revenue	-	5,600,727	31,463	162,746	23,556	-	52,386	93,298	65,807	53,113	6,083,096
Expense											
PIHP Admin	-										-
Services		5,194,219	27,866	385,416	63,481	-	96,847	-	113,323	201,943	6,083,096
Total expense	-	5,194,219	27,866	385,416	63,481	-	96,847	-	113,323	201,943	6,083,096
Net Surplus (Deficit)	$ -	$ 406,508	$ 3,596	$ (222,670)	$ (39,926)	$ -	$ (44,461)	$ 93,298	$ (47,516)	$ (148,830)	$ -

Southwest Michigan Behavioral Health

Funding Source Report - PIHP

October 1, 2025 through July 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	$ -	$ -	$ 3,138,506	$ 7,908,238	$ 3,069,935	$ 8,105,453		$ 21,287,967	$ 7,915,278	$ 4,868,767	$ 56,294,143
1st/3rd Party receipts			(77,971)	(148,660)	(52,559)	-		(352,656)	-	-	(631,846)
Net revenue	-	-	3,060,534	7,759,578	3,017,376	8,105,453		20,935,311	7,915,278	4,868,767	55,662,297
Expense											
Services			4,718,770	7,699,441	3,875,000	9,251,639		21,729,584	4,187,430	4,994,597	56,456,462
Total expense	-	-	4,718,770	7,699,441	3,875,000	9,251,639		21,729,584	4,187,430	4,994,597	56,456,462
Net Surplus (Deficit)	$ -	$ -	$ (1,658,236)	$ 60,137	$ (857,624)	$ (1,146,186)		$ (794,274)	$ 3,727,847	$ (125,830)	$ (794,165)

Southwest Michigan Behavioral Health

Funding Source Report - PIHP

October 1, 2025 through July 31, 2026

CCBHC - Healthy Mich	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	$ -	$ -	$ 1,274,609	$ 3,608,354	$ 1,069,902	$ 2,620,467		$ 6,904,924	$ 2,295,946	$ 1,567,881	$ 19,342,083
1st/3rd Party receipts			(12,593)	(22,351)	(10,588)	-		(58,795)	-	-	(104,327)
Net revenue	-	-	1,262,017	3,586,003	1,059,314	2,620,467		6,846,129	2,295,946	1,567,881	19,237,756
Expense											
Services			1,701,893	3,573,536	1,152,803	3,032,497		6,964,952	1,249,964	1,181,453	18,857,099
Total expense	-	-	1,701,893	3,573,536	1,152,803	3,032,497		6,964,952	1,249,964	1,181,453	18,857,099
Net Surplus (Deficit)	$ -	$ -	$ (439,877)	$ 12,467	$ (93,489)	$ (412,030)		$ (118,824)	$ 1,045,983	$ 386,428	$ 380,657

Southwest Michigan Behavioral Health

Funding Source Report - SUD

October 1, 2025 through July 31, 2026

Substance Use Disorder Prevention & Treatment	Medicaid	Healthy Michigan	Opioid Health Home	SUD Grants	Other Grants	PA2	Total SUD
Revenue	$ 4,014,377	$ 7,834,804	$ 3,563,328	$ 6,083,096	$ 97,077	$ 1,612,487	$ 23,205,169
Expense							
Administration	139,943	268,996	37,171	-	-	[redacted]	446,110
Access Center	-	-	-	-	-		-
Claims Tax	-	-	-	[redacted]	[redacted]		-
	139,943	268,996	37,171	-	-	-	446,110
Treatment Services							
Outpatient	950,346	1,608,751	-	159,397	-	-	2,718,494
Intensive outpatient	3,908	12,300	-	3,908	-	-	20,116
Detox services	457,935	798,951	-	105,757	-	-	1,362,643
Residential	1,685,028	3,803,845	-	507,647	-	-	5,996,520
Methadone	1,066,971	1,723,119	-	159,173	-	-	2,949,263
Assessments and evaluation	267,352	571,173	-	74,830	-	-	913,355
Transportation	45	150	-	817	-	-	1,012
Room & Board			-	1,338,141	-	-	1,338,141
Total treatment services	4,431,585	8,518,289	-	2,349,670	-	-	15,299,544
Other grant services	-	-	1,177,082	3,733,426	97,077	1,612,487	6,620,072
Total expense	4,571,528	8,787,285	1,214,253	6,083,096	97,077	1,612,487	22,365,726
Net Surplus (Deficit)	$ (557,151)	$ (952,481)	$ 2,349,075	$ -	$ -	$ -	$ 839,443

Southwest Michigan Behavioral Health

Funding Source Report - SUD
October 1, 2025 through July 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	$ 2,538,747	$ 126,428	$ 124,938	$ 1,565,491	$ 1,034,406	$ 319,074	$ 147,760	$ 127,205	$ 99,047	$ 6,083,096
Expense										
Administration	-	-	[redacted]	-	-	-	-	-	-	-
Access Center	-	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	-
Claims Tax	[redacted]									[redacted]
	-	-		-	-	-	-	-	-	-
Treatment Services										
Outpatient	159,397	-	-	-	-	-	-	-	-	159,397
Intensive outpatient	3,908	-	-	-	-	-	-	-	-	3,908
Detox services	105,757	-	-	-	-	-	-	-	-	105,757
Residential	507,647	-	-	-	-	-	-	-	-	507,647
Methadone	159,173	-	-	-	-	-	-	-	-	159,173
Assessments and evaluation	74,830	-	-	-	-	-	-	-	-	74,830
Transportation	817	-	-	-	-	-	-	-	-	817
Room & Board	1,338,141	-	-	-	-	-	-	-	-	1,338,141
Total treatment services	2,349,670	-	-	-	-	-	-	-	-	2,349,670
Other grant services	189,077	126,428	124,938	1,565,491	1,034,406	319,074	147,760	127,205	99,047	3,733,426
Total expense	2,538,747	126,428	124,938	1,565,491	1,034,406	319,074	147,760	127,205	99,047	6,083,096
Net Surplus (Deficit)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Southwest Michigan Behavioral Health

Funding Source Report - SUD PA2

October 1, 2025 through July 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	$ 75,707	$ 360,199	$ 13,399	$ 265,269	$ 91,036	$ 623,745	$ 121,615	$ 61,517	$ 1,612,487
Expense									
Services									
Outpatient	$ 75,707	$ 247,206	$ 13,399	$ 265,269	$ 91,036	$ 260,288	$ 72,297	$ 61,517	$ 1,086,719
Residential	-	-	-	-	-	161,314	49,318	-	210,632
Supportive	-	-	-	-	-	77,920	-	-	77,920
Ancillary	-	-	-	-	-	66,667	-	-	66,667
Prevention	-	112,993	-	-	-	57,556	-	-	170,549
Total Services	75,707	360,199	13,399	265,269	91,036	623,745	121,615	61,517	1,612,487
Total expense	75,707	360,199	13,399	265,269	91,036	623,745	121,615	61,517	1,612,487
Net Surplus (Deficit)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PA2 Balance forward	$ 804,906	$ 797,504	$ 642,236	$ 244,224	$ 517,957	$ 2,114,812	$ 383,829	$ 707,320	$ 6,212,788

Southwest Michigan Behavioral Health

Statement of Net Position

July 31, 2026

	Mental Health	Risk Reserve Medicaid	Total PIHP Activities
Assets			
Cash Position	$ 9,527,823	$ 707	$ 9,528,530
Accounts Receivable	5,800	-	5,800
Due From Other Governmental Units	16,743,479	-	16,743,479
Due From Affliates	23,495,703	-	23,495,703
Due from other funds	-	806,099	806,099
Prepaid Expenses	258,414	-	258,414
Capital assets being depreciated	596,904	-	596,904
Total assets	50,628,123	806,806	51,434,929
Liabilities			
Accounts payable	9,146,296	-	9,146,296
Accrued payroll and benefits	2,007	-	2,007
Due To Affliates	26,360,371	-	26,360,371
Due to other funds	806,099	-	806,099
Compensated absences	345,470	-	345,470
Lease payable	627,025	-	627,025
Unearned revenue	6,212,786	-	6,212,786
Total liabilities	43,500,054	-	43,500,054
Total net position	$ 20,870,523	$ (13,776,672)	$ 7,934,875

Southwest Michigan Behavioral Health

Statement of Activities and Proprietary Funds Statement of

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

	Mental Health	Substance Use Disorder	Risk Reserve Medicaid	Total PIHP Activities
Operating revenue				
Medicaid	$ 251,993,607	$ 4,014,377	$ -	$ 256,007,984
Healthy Michigan	17,647,457	7,834,804	-	25,482,261
Medicaid Hospital Adjuster payment	13,964,000	-	-	13,964,000
IPA payment	2,809,744	-	-	2,809,744
Opioid Health Home	-	1,441,633	-	1,441,633
Behavorial Health Home	46,685	-	-	46,685
SUD Prevention and Treatment	-	6,083,096	-	6,083,096
Public Act 2 Local	-	1,612,487	-	1,612,487
Other Grant revenue	235,842	97,077	-	332,919
Performance based incentives/QBIP/OHH P4P	-	2,121,695	-	2,121,695
Interest revenue	243,627	-	17	243,644
Affiliate local drawdown	710,434	-	-	710,434
Other miscellaneous revenue	-	-	-	-
Total operating revenue	287,651,396	23,205,169	17	310,856,582
Operating expenses				
General Administration:				
Personnel	4,956,515	407,601	-	5,364,116
Facilities	222,173	13,268	-	235,441
Other	1,777,835	25,241	-	1,803,076
Claims and Use Taxes:				
Medicaid Services	2,206,013	-	-	2,206,013
Healthy Michigan	603,731	-	-	603,731
Hospital Rate Adjuster	13,964,000	-	-	13,964,000
Payments to Affiliates/Providers:				
Medicaid Services	206,964,859	4,431,585	-	211,396,444
Medicaid Services - OHH	-	1,177,082	-	1,177,082
Healthy Michigan Services	42,788,681	8,518,289	-	51,306,970
SUD Prevention and Treatment Grant:				
Community Grant	-	2,538,747	-	2,538,747
Other community grant services	-	-	-	-
Other Woman's Specialty services	-	126,428	-	126,428
Prevention services	-	1,565,491	-	1,565,491
State Disability Assistance	-	124,938	-	124,938
State Opioid Response (SOR)	-	1,034,406	-	1,034,406
Healing and Recovery Infrastructure (HRCEI)	-	319,074	-	319,074
Recovery Incentives Infrastructure	-	147,760	-	147,760
Alcohol Use Disorder Treatment (AUD)	-	99,047	-	99,047
Gambling Disorder Prevention Grant	-	127,205	-	127,205
Public Act 2 expenses	-	1,612,487	-	1,612,487
Other grants	193,667	97,077	-	290,744
Behavorial health home services	-	-	-	-
Performance based incentives/QBIP/OHH P4P	-	-	-	-
OHH P4P Bonus Award	-	-	-	-
Local Match Drawdown	710,433	-	-	710,433
Total operating expenses	274,387,907	22,365,726	-	296,753,633
CY Unspent funds	13,263,489	839,443	17	14,102,949

Southwest Michigan Behavioral Health

Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds

Budget to Actual - Mental Health
October 1, 2025 through July 31, 2026

	Annual Budget	YTD Budget	YTD Actual	Positive (Negative) Variance	Percent Over (Under) Budget
Operating revenue					
Medicaid:					
Capitation	$ 306,106,224	$ 255,088,520	$ 251,993,607	$ (3,094,913)	(1.21%)
Carryover		-	-	-	0.00%
Healthy Michigan:					
Capitation	22,201,491	18,501,242	17,647,457	(853,785)	(4.61%)
HRA Revenue	12,089,192	10,074,327	13,964,000	3,889,673	38.61%
IPA Revenue	-	-	2,809,744	2,809,744	0.00%
Behavioral Health Home	-	-	46,685	46,685	0.00%
Other Grant revenue	580,000	483,333	235,842	(247,491)	(51.21%)
Performance based incentives	2,134,267	1,778,556	-	(1,778,556)	(100.00%)
Affiliate local drawdown	852,520	710,433	710,434	1	0.00%
Interest and Other revenues	47,805	39,838	243,627	203,790	511.55%
Other miscellaneous revenue	-	-	-	-	0.00%
Total operating revenue	344,011,499	286,676,249	287,651,396	975,147	0.34%
Operating expenses					
General Administration:					
Personnel	5,141,722	4,284,768	4,956,515	(671,747)	(15.68%)
Facilities	210,791	175,659	222,173	(46,514)	(26.48%)
Other	1,935,161	1,612,634	1,777,835	(165,201)	(10.24%)
Insurance Provider Taxes	2,910,115	2,425,096	2,809,744	(2,809,744)	(115.86%)
Medicaid Services		-	2,206,013	(2,206,013)	0.00%
Healthy Michigan		-	603,731	(603,731)	0.00%
Hospital Rate Adjuster	12,089,192	10,074,327	13,964,000	(3,889,673)	(38.61%)
Local Match Drawdown	852,520	710,433	710,433	0	0.00%
Payments to Affiliates	299,214,044	249,345,037	249,753,540	(408,503)	(0.16%)
Performance based incentives	-	-	-	-	0.00%
Mental Health Grants	580,000	483,333	193,667	289,666	59.93%
Total operating expenses	322,933,545	269,111,287	274,387,907	(5,276,620)	(1.96%)
CY Unspent funds	21,077,954	17,564,962	13,263,489	4,301,473	
Unspent funds - beginning	7,607,034	7,607,034	7,607,034	-	
Unspent funds - ending	$ 28,684,988	$ 25,171,996	$ 20,870,523	$ 4,301,473	

Southwest Michigan Behavioral Health

Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds

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

	Annual Budget	YTD Budget	YTD Actual	Positive (Negative) Variance	Percent Over (Under) Budget
Operating revenue					
Medicaid	$ 8,442,260	$ 7,035,217	$ 4,014,377	$ (3,020,840)	(42.94%)
Healthy Michigan	12,419,373	10,349,478	7,834,804	(2,514,674)	(24.30%)
Opioid Health Home	1,871,969	1,559,974	1,441,633	(118,341)	(7.59%)
SUD Treatment	7,795,203	6,496,003	2,538,747	(3,957,256)	(60.92%)
SUD Women's Specialty	-	-	126,428	126,428	0.00%
SUD state disability assistance	-	-	124,938	124,938	0.00%
SUD prevention	-	-	1,565,491	1,565,491	0.00%
State Opioid Response	-	-	1,034,406	1,034,406	0.00%
SUD Alcohol Use Disorder	-	-	99,047	99,047	0.00%
Healing & Recovery Engagement & Infrastructure	-	-	319,074	319,074	0.00%
Recovery Incentives Infrastructure	-	-	147,760	147,760	0.00%
Gambling Disorder Prevention Grant	-	-	127,205	127,205	0.00%
Performance based incentives/QBIP/OHH P4P	-	-	2,121,695	2,121,695	0.00%
Public Act 2 Local	2,184,476	1,820,397	1,612,487	(207,910)	(11.42%)
Other grant revenue	-	75,400	97,077	21,677	28.75%
Total operating revenue	32,713,281	27,336,468	23,205,169	(4,131,299)	
Operating expenses					
General Administration:					
Personnel	-	-	407,601	(407,601)	0.00%
Facilities	-	-	13,268	(13,268)	0.00%
Other	-	-	25,241	(25,241)	0.00%
Medicaid Services	22,684,580	18,903,817	4,431,585	14,472,232	76.56%
Healthy Michigan Services	-	-	8,518,289	(8,518,289)	0.00%
Opioid Health Home Services	1,871,969	1,559,974	1,177,082	382,892	24.54%
OHH P4P Bonus Award	-	-	-	-	0.00%
SUD Prevention, Treatment, and Gambling Grant:					
Community Grant	7,795,203	6,496,003	2,538,747	3,957,256	60.92%
State Disability Assistance	-	-	124,938	(124,938)	0.00%
Womens Specialty Services	-	-	126,428	(126,428)	0.00%
Prevention services	-	-	1,565,491	(1,565,491)	0.00%
State Opioid Response III	-	-	1,034,406	(1,034,406)	0.00%
Healing and Recovery Infrastructure	-	-	319,074	(319,074)	0.00%
Recovery Incentives Infrastructure	-	-	147,760	(147,760)	0.00%
SUD Alcohol Use Disorder	-	-	99,047	(99,047)	0.00%
Gambling Disorder Prevention Grant	-	-	127,205	(127,205)	0.00%
Public Act 2 expenses:					
PA2 services-Barry	-	-	75,707	(75,707)	0.00%
PA2 services-Berrien	-	-	360,199	(360,199)	0.00%
PA2 services-Branch	-	-	13,399	(13,399)	0.00%
PA2 services-Calhoun	-	-	265,269	(265,269)	0.00%
PA2 services-Cass	-	-	91,036	(91,036)	0.00%
PA2 services-Kalamazoo	-	-	623,745	(623,745)	0.00%
PA2 services-St Joseph	-	-	121,615	(121,615)	0.00%
PA2 services-Van Buren	-	-	61,517	(61,517)	0.00%
Performance based incentives used	-	-	-	-	0.00%
Other grant expense	-	-	97,077	(97,077)	0.00%
Total operating expenses	32,351,752	26,959,793	22,365,726	4,594,067	
Unspent funds - beginning	-	-	-	-	
Unspent funds - ending	$ 361,529	$ 376,674	$ 839,443	$ (8,725,366)	

Southwest Michigan Behavioral Health

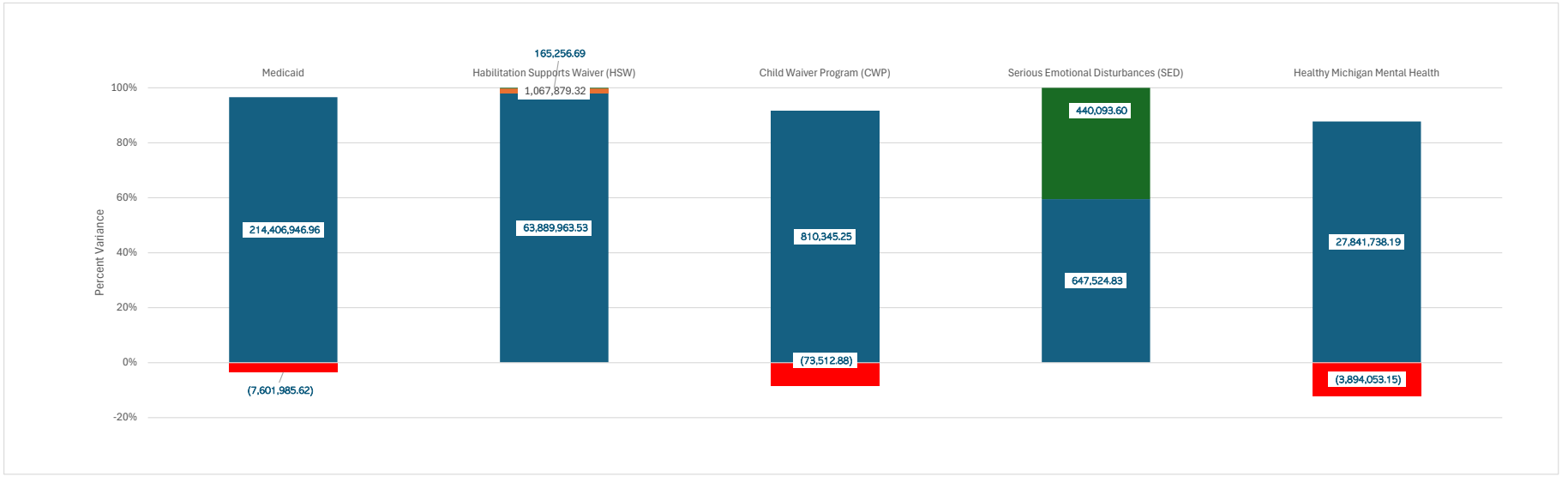
Proprietary Funds Statement of Revenues, Expenses, and Unspent Funds

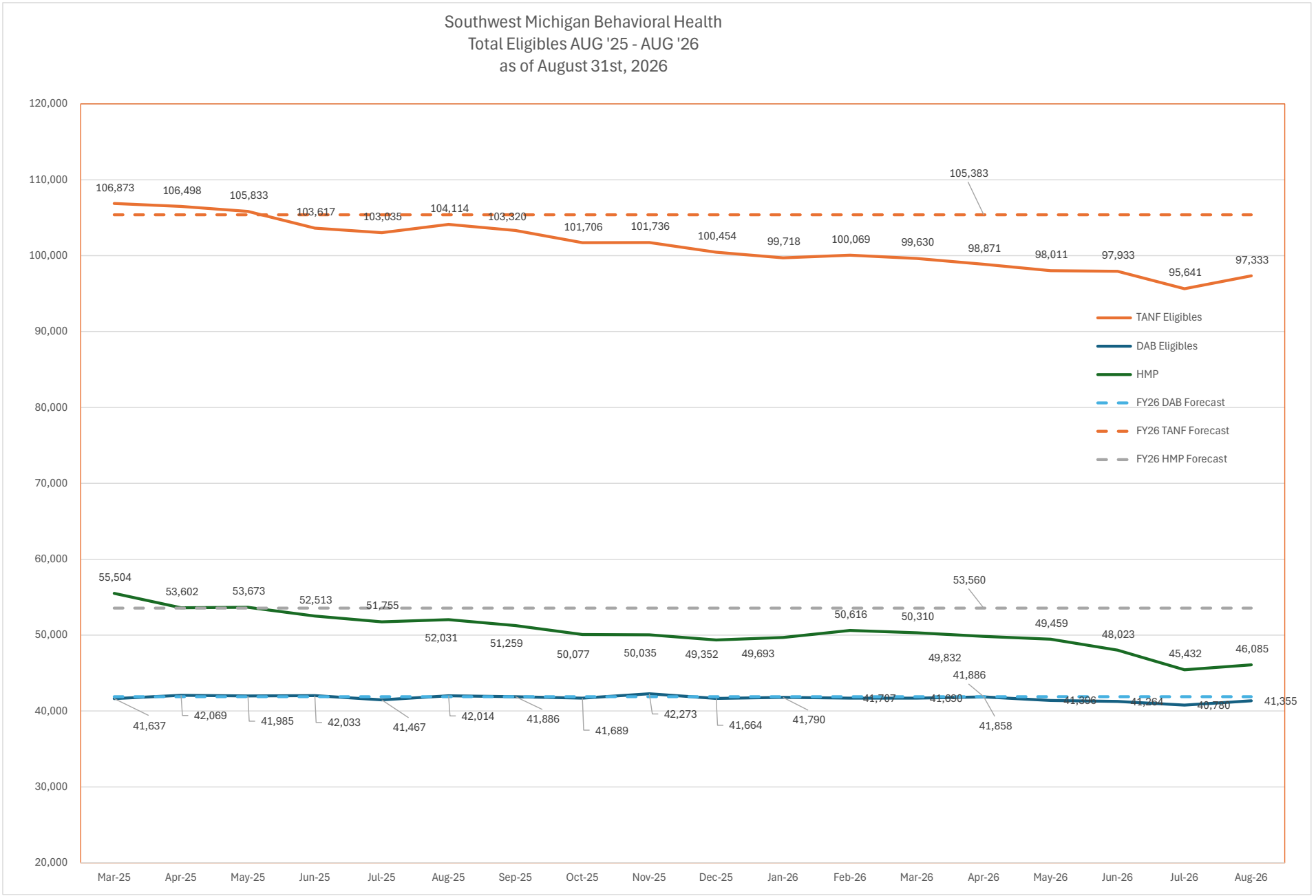
Budget to Actual - Medicaid Risk Reserve
October 1, 2025 through July 31, 2026

	Annual Budget	YTD Budget	YTD Actual	Positive (Negative) Variance	Percent Over (Under) Budget
Operating revenue					
Medicaid:					
Interest revenue	$ 36,212	30,177	$ 17	$ (30,160)	(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	30,177	17	(30,160)	
Unspent funds - beginning	(13,776,689)	(13,776,689)	(13,776,689)	-	
Unspent funds - ending	$ (13,740,477)	$ (13,746,512)	$ (13,776,672)	$ (30,160)	

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	233,898,487.59	-	233,898,487.59	(8,293,075.23)	-3.4%	222,008,932.59	214,406,946.96		214,406,946.96	(7,601,985.62)	-3.4%
Habilitation Supports Waiver (HSW)	70,682,821.26	69,698,142.03	1,067,879.32	70,766,021.35	83,200.09	0.1%	64,792,586.16	63,889,963.53	1,067,879.32	64,957,842.85	165,256.69	0.3%
Child Waiver Program (CWP)	964,208.87	884,013.00	-	884,013.00	(80,195.87)	-8.3%	883,858.13	810,345.25		810,345.25	(73,512.88)	-8.3%
Serious Emotional Disturbances (SED)	226,288.62	706,390.72	-	706,390.72	480,102.10	212.2%	207,431.24	647,524.83		647,524.83	440,093.60	212.2%
Healthy Michigan Mental Health	34,620,863.28	30,372,805.30	-	30,372,805.30	(4,248,057.98)	-12.3%	31,735,791.34	27,841,738.19		27,841,738.19	(3,894,053.15)	-12.3%
Overall Net Capitation Payment	**348,685,744.85**	**335,559,838.65**	**1,067,879.32**	**336,627,717.96**	**(12,058,026.89)**	**-3.46%**	**319,628,599.45**	**307,596,518.76**	**1,067,879.32**	**308,664,398.08**	**(10,964,201.37)**	**-3.43%**




Southwest Michigan Behavioral Health
Total Eligibles AUG '25 - AUG '26
as of August 31st, 2026
120,000
110,000
100,000
90,000
80,000
70,000
60,000
50,000
40,000
30,000
20,000
Mar-25
Apr-25
May-25
Jun-25
Jul-25
Aug-25
Sep-25
Oct-25
Nov-25
Dec-25
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Jul-26
Aug-26
106,873
106,498
105,833
103,617
103,035
104,114
103,320
101,706
101,736
100,454
99,718
100,069
99,630
98,871
98,011
97,933
95,641
97,333
105,383
55,504
53,602
53,673
52,513
51,755
52,031
51,259
50,077
50,035
49,352
49,693
50,616
50,310
49,459
48,023
45,432
46,085
53,560
41,637
42,069
41,985
42,033
41,467
42,014
41,886
41,689
42,273
41,664
41,790
41,707
41,690
41,858
41,355
41,886
TANF Eligibles
DAB Eligibles
HMP
FY26 DAB Forecast
FY26 TANF Forecast
FY26 HMP Forecast

SWMBH Through August	FY26	FY25	% Change YOY	$ Change YOY
State Plan MH	79,980,027	92,363,904	-13.4%	(12,383,877)
1915i MH	88,528,992	86,025,090	2.9%	2,503,902
Autism	41,491,806	29,545,668	40.4%	11,946,138
Habilitation Supports Waiver (HSW)	*63,889,963*	*61,070,488*	*4.6%*	*2,819,476*
Child Waiver Program (CWP)	*810,345*	*871,961*	*-7.1%*	*(61,616)*
Serious Emotional Disturbances (SED)	*647,525*	*493,421*	*31.2%*	*154,104*
Net Capitation Payment	275,348,349	270,370,531	1.8%	4,977,818
				-
State Plan SA	4,406,122	7,219,116	-39.0%	(2,812,994)
Net Capitation Payment	**4,406,122**	**7,219,116**	-39.0%	(2,812,994)
				-
Healthy Michigan Mental Health	19,288,844	23,978,545	-19.6%	(4,689,701)
Healthy Michigan Autism	1,379	40,438	-96.6%	(39,060)
Net Capitation Payment	**19,290,223**	**24,018,983**	-19.7%	(4,728,760)
				-
Healthy Michigan Substance Abuse	8,551,515	12,365,256	-30.8%	(3,813,741)
Net Capitation Payment	**8,551,515**	**12,365,256**	-30.8%	
				-
GRAND TOTAL	307,596,209	313,973,886	-2.0%	(6,377,677)

as of 9/1/2026

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.

Board Finance Committee COMMITTEE CHARTER v 8.12.24	
Charter Effective Date: Board approval date_____	
Approved by: SWMBH Board	**Authorization Signature:** SWMBH Board Chair _____
SWMBH Liaison: Chief Financial Officer	Review dates:

Committee Authorization: SWMBH is a Regional Entity created under the Mental Health Code section 330.1204b(2) and operates under By-Laws established by the Participating County CMH Boards. These By-Laws under Article V section 5.1 allow for the Board to establish Committees. The Finance Committee was authorized through a motion, passed by the SWMBH Board at their meeting on July 12, 2024.

Committee Purpose: The Finance Committee's purpose is to recommend to the Board financial policies, and financial integrity and health of SWMBH as well as:

- On a regular basis determined by regulation, best practices and Board preferences oversee a Board process for the external Audit firm selection process.
- Assist in establishing a schedule and an annual Board review of the results of the annual Financial Audit with the Audit firm and the Chief Financial Officer.
- Review on a regular basis SWMBH's regional financial statements and provide input to the Board as to recommended Board actions.
- When the need arises, investigate and provide guidance to the Board regarding the financial implications of a pertinent issue as directed by the Board.
- On an annual basis review the performance of SWMBH regional investments and make recommendations to the Board.

Committee Scope of Responsibility: Ultimate authority for financial decisions at SWMBH rests with the SWMBH Board and SWMBH Management through the Policy Governance system. Therefore, The Finance Committee has no decision-making authority. It has a responsibility to assist the Board in understanding the current financial condition of the SWMBH region and projected future financials. In order to provide input to the Board the Finance Committee will have the ability to receive all financial information it deems necessary to complete its responsibilities to the Board, consistent with other relevant Board Policies. Annually assures establishment of Board Audit Committee membership and schedule.

Management Structure: The Finance Committee was created and reports to the Board and as such may be modified, suspended or terminated by the Board via formal Board action The members of the Committee shall annually elect a Committee Chair from

Committee members for the purposes of running the committee meetings and making assignments related to Committee business. In the event a Committee member departs from the SWMBH Board and thus can no longer serve on the Finance Committee the SWMBH Board Chair shall appoint a replacement. The Committee Chair has unilateral authority to cancel or reschedule Committee meetings.

Accountability and Reporting: The Finance Committee shall report to the Board on their activities at monthly SWMBH Board meetings.

Committee Roles: As defined by Board Governance Policy BG-010 The committee as a whole and or its members shall:

- Not speak or act for the Board except when formally given such authority for specific and time-limited purposes.
- Assist the Board by preparing policy alternatives and implications for Board deliberation.
- Not speak or act for the Board except when formally given such authority via documented Board action for specific and time-limited purposes.
- Not direct management decisions or activities.

Committee Composition: The Committee will be composed of three (3) SWMBH Board members and/or Board alternates. The Executive Officer shall serve as an ex-officio (non-voting) Board Finance Committee member. The Chief Financial Officer shall support the Committee and is a necessary consultant to the Committee to provide financial and audit information. The SWMBH Board Chair and SWMBH Executive Officer are ex-officio (non-voting) members of the committee and may attend meetings at their discretion. SWMBH support staff shall be in attendance as required.

Committee Member Responsibilities and Values:

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

Committee Meetings: Meetings will be scheduled monthly on the first Friday of each month unless canceled by the SWMBH Board Finance Committee Chair. Per Board Governance Policy BG-001 this Committee will cease to exist when its business is completed. Minutes will be taken at each Board Finance Committee meeting and be included in the Monthly Board packet for the full Board review.

2.9 POLICY: Communication and Support to the Board (formerly BEL-008)

The Executive Officer shall not cause or allow the Board to be uninformed or unsupported in its work.

Further, including but not limited to, the Executive Officer may not:

2.9.1. Neglect to submit monitoring data required by the Board *on the schedule established by the Board* in a timely, accurate, and understandable fashion, directly addressing provisions of Board policies being monitored, and including Executive Officer interpretations as well as relevant data.

2.9.2. Allow the Board to be unaware of any actual or anticipated noncompliance with any Ends or Executive Limitations policy of the Board regardless of the Board's monitoring schedule.

2.9.3. Allow the Board to be without decision information required periodically by the Board or let the Board be unaware of relevant trends.

2.9.4. Let the Board be unaware of any significant incidental information it requires including anticipated media coverage, threatened or pending lawsuits, and material internal and external changes, including:

a. the status of uniform benefits across the region (from 2.1.3)

b. timely and accurate investment reports

c. information related to MCHE, including

i. semi-annual written MCHE status reports to the SWMBH Board in April and October

ii. verbal reports to the SWMBH Board if there are MCHE related items of importance which in the Executive Officer's judgment materially affect favorably or unfavorably SWMBH's core roles, strategy, or finances;

iii. MCHE Articles of Incorporation revisions and bylaws to the Board prior to voting on them and after adoption by MCHE.

2.9.5. Allow the Board to be unaware that, in the Executive Officer's opinion, the Board is not in compliance with its own policies, particularly in the case of Board behavior that is detrimental to the work relationship between the Board and the Executive Officer.

2.9.6. Present information in unnecessarily complex or lengthy form or in a form that fails to differentiate among information of three types: monitoring, decision preparation, and other.

2.9.7. Allow the Board to be without a workable mechanism for official Board, Officer, or Committee communications.

2.9.8. Deal with the Board in a way that favors or privileges certain Board Members over others, except when fulfilling individual requests for information or responding to Officers or Committees duly charged by the Board.

2.9.9. Fail to submit to the Board a consent agenda containing items delegated to the Executive Officer yet required by law, regulation, or contract to be Board-approved, along with applicable monitoring information.

4.2 POLICY: Accountability of the Executive Officer (formerly EO-001)

The EO is accountable to the board acting as a body. The Board will instruct the EO through written policies or directives consistent with Board policies, delegating to the EO the interpretation and implementation of those policies and Ends.

Accordingly:

4.2.1 The Board will not give instructions to persons who report directly or indirectly to the EO.

4.2.2 The Board will not evaluate, either formally or informally, any staff other than the EO.

4.2.3 The board will view EO performance as identical to organizational performance, so that organizational accomplishment of board stated Ends and avoidance of board proscribed means will be viewed as successful EO performance.

2.7 POLICY: Compensation and Benefits (formerly BEL-007)

With respect to employment, compensation and benefits to employees, consultants, contract workers, Interns and volunteers, the Executive Officer (EO) shall not cause or allow jeopardy to financial integrity or to public image.

Further, including but not limited to, the Executive Officer may not:

2.7.1. Change the EO's own compensation and benefits.

2.7.2. Promise permanent or guaranteed employment.

2.7.2.1 Exception: Time-limited Executive Employment and Professional Services Agreements with termination clauses are permissible.

2.7.3. Establish current compensation and benefits which:

2.7.3.1 Deviate materially from the geographic and professional market for the skills employed.

2.7.3.2 Create obligations over a longer term than revenues can be safely projected, in no event longer than one year and in all events subject to losses in revenue.

2.7.3.3 Fail to solicit or fail to consider staff preferences.

2.7.4. Establish or change retirement benefits so the retirement provisions:

2.7.4.1. Cause unfunded liabilities to occur or in any way commit the organization to benefits that incur unpredictable future costs.

2.7.4.2. Provide less than some basic level of benefits to all full-time employees. Differential benefits which recognize and encourage longevity are not prohibited.

2.7.4.3 Make revisions to Retirement Plan documents.

2.7.4.4 Implement employer discretionary contributions to staff

2.7 POLICY: Compensation and Benefits (formerly BEL-007)

With respect to employment, compensation and benefits to employees, consultants, contract workers, Interns and volunteers, the Executive Officer (EO) shall not cause or allow jeopardy to financial integrity or to public image.

Review Period August 2025 to August 2026.

Further, including but not limited to, the Executive Officer may not:

2.7.1. Change the EO's own compensation and benefits.

The EO has not and cannot change her own compensation and benefits as these are determined by a written Employment Agreement negotiated with the Board. A copy of the executed EO Employment Agreement is provided to the SWMBH Chief Administrative Officer. The compensation and benefits provisions of the EO's Employment Agreement are administered and effectuated by Chief Administrative Officer and cannot be modified without appropriate, Board-approved written documentation like a signed Amendment to the Employment Agreement, etc.

2.7.2. Promise permanent or guaranteed employment.

No promises of permanent or guaranteed employment have been made. The SWMBH Employee Manual carries language specifically referring to employment as "at-will", as follows, "this handbook is intended to describe what is expected of employees and what employees can expect from SWMBH. It does not create an express or implied contract between SWMBH and any employee. While we hope our employment relationship will be long term, either you or SWMBH can end the relationship at any time, with or without notice, with or without reason consistent with "at will" employment status."

2.7.2.1 Exception: Time-limited Executive Employment and Professional Services Agreements with termination clauses are permissible.

All professional service agreements contain termination clauses that allow for cancellation for any reason or no reason. The EO Executive Employment agreement is time limited and contains clauses that address the termination of the agreement for cause or without cause.

2.7.3. Establish current compensation and benefits which:

2.7.3.1 Deviate materially from the geographic and professional market for the skills employed.

Significant geographic professional marketplace study was undertaken by SWMBH using external experts in July 2026. Salary grade ranges were adjusted to be in line with the market survey and those persons deemed to be low within their grade based on experience and longevity is being evaluated currently. Those who are determined outside appropriate range placement based on position and longevity will receive market increases to salaries in October 2026.

2.7.3.2 Create obligations over a longer term than revenues can be safely projected, in no event longer than one year and in all events subject to losses in revenue.

No employment or contract obligations have been established which create obligations over a longer term than revenues can be safely projected, none for longer than one year, and all are subject to revision based on reductions in SWMBH revenue.

2.7.3.3 Fail to solicit or fail to consider staff preferences.

Staff preferences on compensation and benefits were/are considered during monthly staff meetings and through interactions with Human Resources. In addition, SWMBH has implemented an ongoing cultural accelerator survey project which asks about staff satisfaction with compensation and benefits. The May 2026 survey indicated that staff satisfaction on compensation and benefits had dropped from 77% to 61% in the past year. There was strong indication from the comments that staff believed the market analysis needed to be completed. As indicated in response to 2.7.3.2 above, the market analysis was completed in July 2026 and adjustments are underway. In addition, staff had many comments over the increased costs of healthcare. While SWMBH management cannot impact the overall rising costs of healthcare we were able to negotiate the increase for FY 27 down to an 8% increase rather than the original 12.5% quoted, and have added a new lower cost plan to the plan options for FY 27. We will continue to monitor staff satisfaction on compensation and benefits with the next staff survey planned for November 2026.

2.7.4. Establish or change retirement benefits so the retirement provisions:

2.7.4.1. Cause unfunded liabilities to occur or in any way commit the organization to benefits that incur unpredictable future costs.

No unfunded liabilities exist; all employer contributions to health insurance and retirement benefits are made directly to carriers and retirement accounts at the time of their obligation. There are no unpredictable costs as Retirement Plans are explicit about eligibility, vesting, employer obligations and a prospective Board-approved budget.

2.7.4.2. Provide less than some basic level of benefits to all full-time employees. Differential benefits which recognize and encourage longevity are not prohibited.

There is a package of full-time employee benefits which rises above a “basic level” description. Differential benefits such as increased PTO by length of service exist; these are common and were approved by an ad hoc Board Committee at the inception of SMWBH. In addition, any benefits required by statute i.e. Earned Sick Time Act (ESTA), are implemented when required.

2.7.4.3 Make revisions to Retirement Plan documents.

All amendments to the Retirement plans were reviewed and developed by SWMBH Counsel, Varnum LLP, and subsequently approved by the SWMBH Board, as necessary.

2.7.4.4 Implement employer discretionary contributions to staff

No discretionary employer contributions, outside of those approved by the SWMBH Board have been made to any staff retirement accounts.

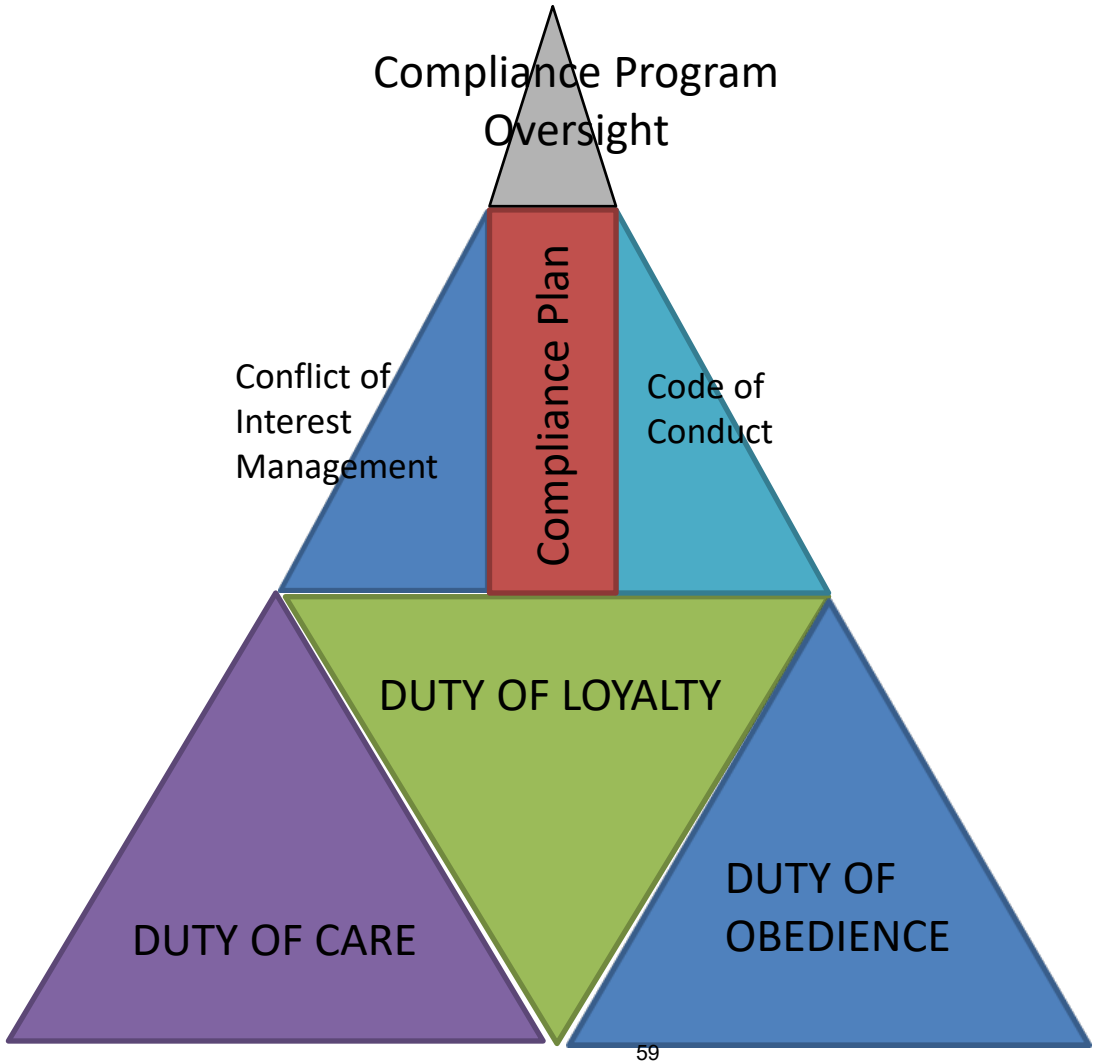
Attachments:

May 2026 Cultural Accelerator Survey
2026 Employee Manual
FY 2026 Employee Benefit Summary

SWMBH Board Corporate Compliance Role and Function

9/11/2026

Board of Directors: Role & Function



Board of Directors: Role & Function

FIDUCIARY DUTIES OWED TO SWMBH:

- Duty of Care – requires a Board Member to exercise reasonable care that an ordinarily prudent person would use in similar circumstances.

- Duty of Loyalty – requires a Board Member to act faithfully in the best interest of the organization and never for self-benefit financially or any other personal gain.

- Duty of Obedience – requires a Board Member to serve in a manner that is faithful to and consistent with the organization's mission.

SWMBH Board Members' Compliance role flows from and complements these fiduciary duties.

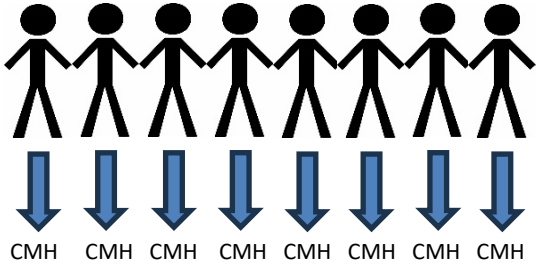
Board of Directors: Role & Function

Conflicts of Interest

- Inherent conflicts: How do SWMBH Board members fulfill their fiduciary duties within the structure of the PIHP-CMHSP governance system?

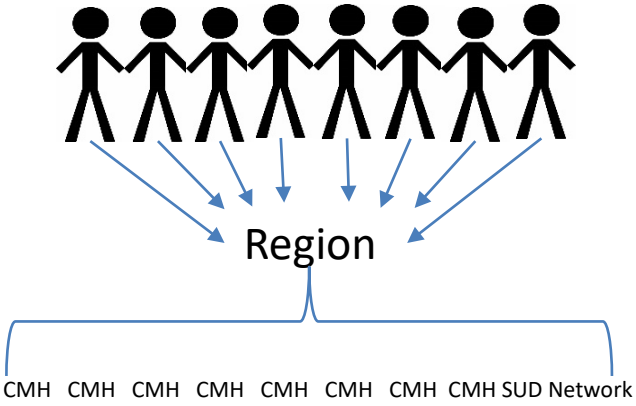
CMH Board Member

Duties owed to a discreet CMH (individually)



Regional Entity Board Member

Duties owed to the Regional Entity/region as a whole (collectively)



Board of Directors: Role & Function

Managing Conflicts of Interest

- Questions to ask yourself (duty to disclose) and your fellow Board Members (duty to inquire)
  - Can I act in the best interests of the Region as a whole?
  - Do I have a relationship/position that may effect my decision-making when sitting as a SWMBH Board Member?
    - Examples – spouse is employed by a provider within SWMBH's provider network; you serve as a Board member for a contracted entity; child works for a SWMBH vendor.
  - **Open Meetings Act compliance** – ensuring Board deliberations and decisions happen in a meeting open to the public

- Complete Financial Interest Disclosure Statements (FIDs) annually and whenever a new actual or perceived COI exists.
  - Chief Compliance Officer reviews and Board determines if an actual or perceived conflict of interest exists and any steps necessary to manage the conflict.

- Protects the integrity of Board action and ensures that you are fulfilling your fiduciary duties owed to SWMBH.

Board of Directors: Role & Function

Comply with Corporate Compliance Plan & Code of Conduct

- Comply with SWMBH's Corporate Compliance Plan;

- Comply with SWMBH's Code of Conduct including:
  - Understanding and abiding by reporting obligations – duty to report actual/suspected fraud, waste, or abuse to the Chief Compliance Officer;
  - Cooperating fully with any Compliance investigation;
  - Remaining free of the influence of alcohol and illegal drugs while performing Board service;
  - Abstaining from harassment and discrimination in any form;
  - Remaining free from conflicts of interest;
  - Maintaining confidentiality, when appropriate (subject to OMA);
  - Not accepting or soliciting business courtesies or gifts meant to effect business decisions, nor any single gift of more than a $25 value or $300 value per year.

Board of Directors: Role & Function

Ensure Compliance Program Oversight

Compliance Program Oversight – the exercise of reasonable care to assure that SWMBH staff carry out their management responsibilities and comply with the law, and that the Compliance Program is effective.

How should Board oversight of Compliance Program functions be accomplished?

Adequate reporting systems.

Board Oversight Responsibilities

Making inquiries to ensure:

- (1) a corporate information and reporting system exists, and
- (2) the reporting system is adequate to assure the Board that appropriate information relating to compliance with applicable laws will come to its attention timely and as a matter of course. *(In re Caremark Int'l, Inc. Derivative Litig. 698 A.2d 959 (Del. Ch. 1996)*).

Practical Guidance for Health Care Governing Boards on Compliance Oversight (Published April 20, 2015):

- "The existence of a corporate reporting system is a key compliance program element, which not only keeps the Board informed of the activities of the organization, but also enables an organization to evaluate and respond to issues of potentially illegal or otherwise inappropriate activity."

Board Oversight Responsibilities

(1) a corporate information and reporting system exists…

- Designation of Chief Compliance Officer
  - Delegated day-to-day operational responsibility for the development and implementation of the compliance program
  - Direct access and accountability to the Board
  - Schedule for reporting included on the Board Calendar
- Reporting obligations, including Whistleblower protections, are well-publicized and communicated to Board members, staff, and network providers
  - Corporate Compliance Plan
  - SWMBH Code of Conduct
  - SWMBH Policy for reporting FWA

Board Oversight Responsibilities

(2) the reporting system is adequate to assure the Board that appropriate information relating to compliance with applicable laws will come to its attention timely and as a matter of course.

- Annually the Board reviews and prospectively approves the SWMBH Corporate Compliance Plan.
  - Includes Audit & Monitoring Plan
- Bi-annual reports to the Board regarding Program Integrity & Compliance (PI/C) investigations, breaches, and audits. Includes any reporting to outside entities.
- Annual PI/C Program Evaluation submitted to the Board to review program initiatives, changes, and improvements.
- Communications as needed for education and/or regulatory changes affecting the Board.

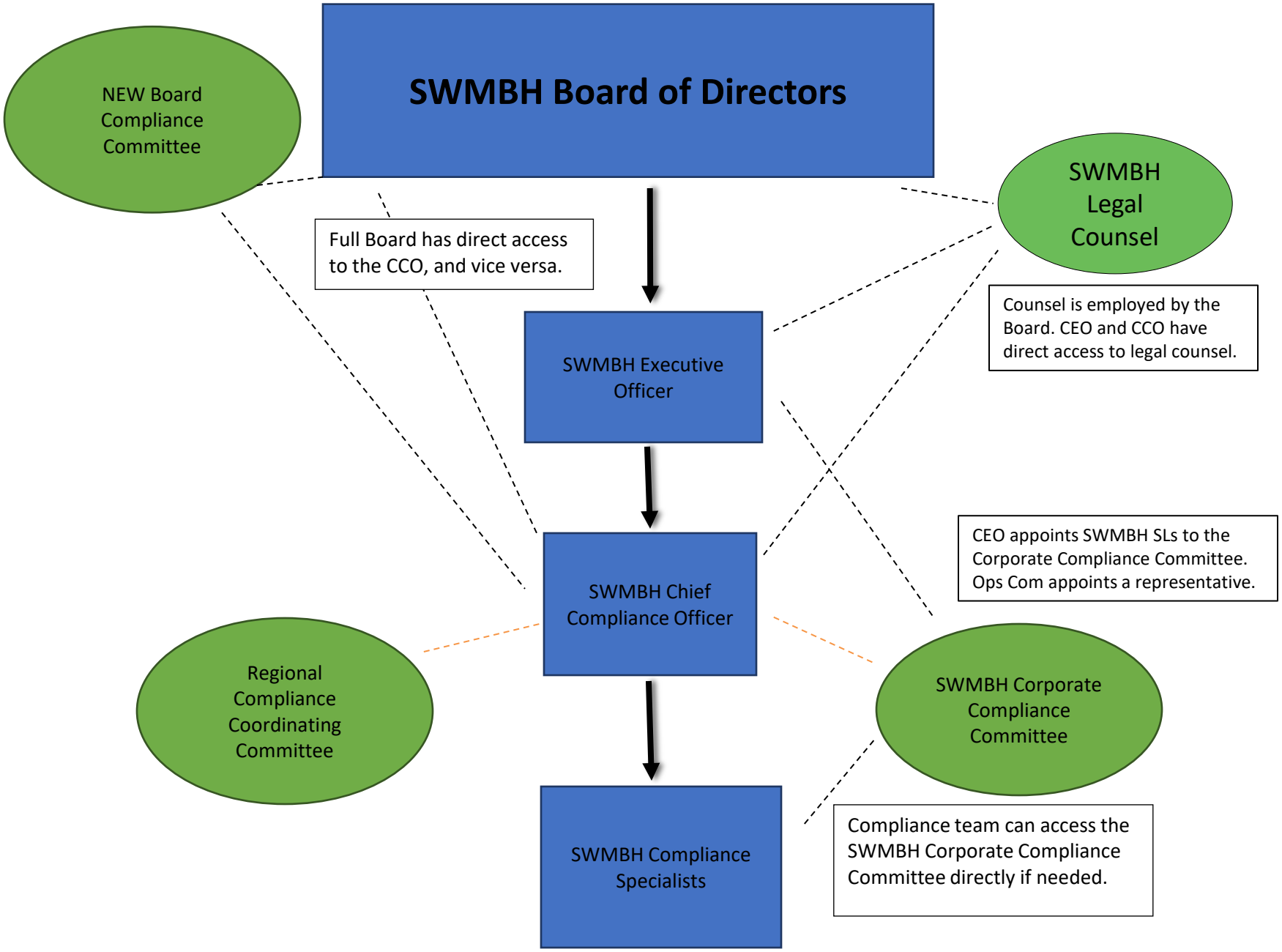
Are you satisfied with the information you receive? If not, it is your responsibility to instruct management that you want more.

SWMBH Compliance Team

- SWMBH Program Integrity & Compliance Department
  - Alison Strasser currently serves as the Interim Compliance Officer.
  - Responsible for day-to-day operations of the Compliance Program
- SWMBH Compliance Committee
  - Comprised of SWMBH Senior leadership from varying departments, as well as a CMH CEO (presently Van Buren's Debbie Hess)
  - Responsible for oversight of Compliance Program activities
  - Meets monthly
- Regional Compliance Coordinating Committee
  - Compliance Officer from each CMHSP and SWMBH Compliance Dept.
  - Meets bi-monthly to coordinate compliance activities across the Region
- Corporate Counsel
- PIHP Compliance Officers
  - Meet periodically to discuss compliance related issues

SWMBH Compliance Team (cont.)

- NEW Board Regulatory Compliance Committee
  - Required by the Code of Federal Regulations and the MDHHS-PIHP Master Contract.
  - Consists of three (3) SWMBH Board Members and the SWMBH Chief Compliance Officer.
  - Purpose: Support and enhance the Board's duty to exercise reasonable oversight of the SWMBH compliance program and its compliance with the requirements applicable to the PIHP.


NEW Board Compliance Committee
SWMBH Board of Directors
SWMBH Legal Counsel
Full Board has direct access to the CCO, and vice versa.
Counsel is employed by the Board. CEO and CCO have direct access to legal counsel.
SWMBH Executive Officer
SWMBH Chief Compliance Officer
CEO appoints SWMBH SLs to the Corporate Compliance Committee. Ops Com appoints a representative.
Regional Compliance Coordinating Committee
SWMBH Corporate Compliance Committee
SWMBH Compliance Specialists
Compliance team can access the SWMBH Corporate Compliance Committee directly if needed.

Board Compliance Reports

- Current schedule:
  - Bi-annual reports
    - Number, type, and outcome of investigations and breaches
    - Update on on-going compliance audits
  - Annual Corporate Compliance education
  - Updates as needed
    - Anytime an external agency is involved, or when disclosure is required to an authoritative body
    - Any situations that would implicate the entity's Executive Officer
  - Board prospectively reviews and approves the Corporate Compliance Plan for the coming Fiscal Year
- **Do you feel this meets your needs?**
- **Is there additional information you feel is necessary?**

Southwest Michigan
BEHAVIORAL HEALTH

FY2027 Clinical Performance Improvement Project

September 1, 2026

Performance Improvement Projects (Clinical)

- In accordance with 42 CFR 438.330(d) MDHHS requires PIHPs to conduct two Performance Improvement Projects (PIPs). Of the two PIPs, one must be clinical and one non-clinical.

- For FY27 PIHPs are required choose a new topic where their region can demonstrate significant improvement that can be sustained over time, in health outcomes and/or enrollee satisfaction.

Performance Improvement Projects (Clinical)

- Metabolic Monitoring for Children and Adolescents on Antipsychotics - Blood Glucose & Cholesterol Testing **(APM TOTGC)** is the Clinical PIP topic chosen for FY27

- Metabolic monitoring for children and adolescents ages 1-17 on antipsychotics (APM) measures the percentage of children and adolescents who had two or more fills of an antipsychotic medication and received recommended metabolic monitoring.

  - Three rates are reported:
    - Received blood glucose testing (TOTG)
    - Received cholesterol testing (TOTC)
    - Received both blood glucose and cholesterol testing (TOTGC)

Performance Improvement Projects (Clinical)

TOTGC	
2024 Performance	**2025 Performance**
SWMBH: 25.3%	**SWMBH: 23.6%**
Michigan Medicaid Total: 28.1%	Michigan Medicaid Total: 27.7%
Benchmark: 27.6%	

- The desired outcomes of our project will be to achieve and sustain a statistically significant improvement in the annual rates blood glucose and cholesterol testing for children on antipsychotics over baseline (CY2027), and to exceed the MDHHS-set benchmark for the APM TOTGC metric, currently set at 27.6% (SWMBH's CY2025 rate was 23.6%).

Performance Improvement Projects (Clinical)

- Antipsychotic medications can be effective treatments for psychiatric disorders in children and adolescents; however, they may also increase the risk of serious metabolic health complications.

- A multi-year study of youth enrolled in three health maintenance organizations (HMOs) found that exposure to atypical antipsychotics was associated with a fourfold increased risk of diabetes in the following year compared to youth who were not prescribed psychotropic medications.

- Research also suggests that metabolic problems during childhood and adolescence are associated with poorer cardiometabolic outcomes in adulthood.

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)												
Jeff Kniaz (Barry)												
Allen Edlesfson (Berrien)												
Tom Schmelzer (Branch)												
Sherii Sherban (Calhoun)												
Joyce Locke (Cass)												
Kayla Wisniewsi (Cass)												
Michael Seals (Kalamazoo)												
Carole Naccarato (St. Joe)												
Tina Leary (Van Buren)												
Alternates:												
Bob Becker (Barry)												
Bill Mattson (Barry)												
Edward Meny (Berrien)												
Jon Houtz (Branch)												
Stephanie Swanson-Chang (Calhoun)												
Jesse Binns (Cass)												
Karen Longanecker (Kalamazoo)												
Cathi Abbs (St. Joe)												
Gail Patterson-Gladney (Van Buren)												

as of 8/14/26

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