



Southwest Michigan Behavioral Health Board Meeting
Four Points by Sheraton, 3600 E. Cork St. Ct. Kalamazoo, MI 49001
September 8, 2023
9:30 am to 11:30 am
Full Breakfast 8:30-9:30
Special Guest Presentation
(d) means document provided
Draft: 8/28/23

1. **Welcome Guests/Public Comment (5 minutes)**
2. **Agenda Review and Adoption (d) (1 minutes) pg.1**
3. **State Representative Julie Rogers (10 minutes)**
4. **Financial Interest Disclosure Handling (M. Todd)**
 - M. Doster (Barry County CMH) **(4 minutes)**
5. **Consent Agenda (1 minutes)**
 - August 11, 2023 SWMBH Board Meeting Minutes (d) pg.3
6. **Ends Metrics Updates (*Requires motion)**
Is the Data Relevant and Compelling? Is the Executive Officer in Compliance? Does the Ends need Revision?
 - None
7. **Board Actions to be Considered**
 - a. Fiscal Year 2024 Draft Budget (G. Guidry) (to be displayed) **(20 minutes)**
 - b. BEL-006 Investments Policy Proposed Revisions (L. Csokasy) **(5 minutes)**
 - c. Board Ends Development Plan (S. Radwan) (d) **(15 minutes)** pg.6
8. **Board Policy Review**
Is the Board in Compliance? Does the Policy Need Revision?
 - BG-008 Board Member Job Description (d) **(2 minutes)** pg.8
9. **Executive Limitations Review**
Is the Executive Officer in Compliance with this Policy? Does the Policy Need Revision?
 - a. BEL-005 Treatment of Plan Members (L. Csokasy) (d) **(5 minutes)** pg.10
 - b. BEL-008 Communication and Counsel (T. Schmelzer) (d) **(3 minutes)** pg.16
 - c. EO-001 Executive Role & Job Function (E. Meny) (d) **(3 minutes)** pg.18

10. Board Education

- a. Fiscal Year 2023 Year to Date Financial Statements (G. Guidry) (d) **(10 minutes)** pg.19
- b. Michigan Recreational Cannabis Policy and Tax (A. Wideman) (d) **(10 minutes)** pg.27
- c. Operating Agreement (B. Casemore) (d) **(5 minutes)** pg.39

11. Communication and Counsel to the Board

- a. Region 4 State Opioid Response 3 Site Visit Letter (2 minutes) (J. Smith) (d) pg.52
- b. Intergovernmental Contract Status (M. Jacobs) (2 minutes)
- c. Board Member Orientation Schedule (M. Jacobs) (2 minutes)
- d. October Board Policy Direct Inspection – BEL-002 Financial Conditions (L. Csokasy with G. Guidry)

12. Public Comment (5 minutes)

13. Adjournment

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

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

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

Next Board Meeting

Four Points by Sheraton, 3600 E. Cork St. Kalamazoo, MI 49001
October 13, 2023
9:30 am - 11:30 am

Note: 8th Annual Regional Healthcare Policy Forum

Friday, October 6, 2023

8:30am-2:00pm

Four Points Sheraton, Kalamazoo



Southwest Michigan

BEHAVIORAL HEALTH

Board Meeting Minutes

August 11, 2023

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

9:30 am-11:30 am

Draft: 8/14/23

Members Present: Edward Meny, Tom Schmelzer, Carol Naccarato, Mark Doster, Louie Csokasy, Susan Barnes, Erik Krogh, Sherii Sherban

Members Absent: None

Guests Present: Bradley Casemore, Executive Officer, SWMBH; Anne Wickham, Chief Administrative Officer, SWMBH; Garyl Guidry, Chief Financial Officer, SWMBH; Mila Todd, Chief Compliance Officer, SWMBH; Joel Smith, Director of Substance Use Disorder and Prevention Services, SWMBH; Alena Lacey, Director of Clinical Quality and Quality Assurance and Performance Improvement, SWMBH; Michelle Jacobs, Senior Operations Specialist & Rights Advisor, SWMBH; Ella Philander, Strategic Imperatives Project Manager; SWMBH; Richard Thiemkey, Barry County; Cameron Bullock, Pivotal; Jeannie Goodrich, Summit Pointe, Sue Germann, Pines Behavioral Health; Debbie Hess, VanBuren CMH; Cathi Abbs, Pivotal Board Alternate; Susan Radwan, Leading Edge Mentoring

Welcome Guests

Edward Meny called the meeting to order at 9:30 am and introductions were made.

Public Comment

None

Agenda Review and Adoption

Motion	Erik Krogh moved to approve with revisions of moving 5b to 9c, adding Intergovernmental Contract Status in Communication and Counsel and Board Policy EO-001 Executive Role and Job Description in Communication and Counsel.
Second	Susan Barnes
Motion Carried	

Financial Interest Disclosure (FID) Handling

Mila Todd updated the Board on progress with Barry County on Mark Doster's membership. Edward Meny welcomed Mark Doster to the SWMBH Board.

Consent Agenda

Motion	Susan Barnes moved to approve the July 14, 2023, Board minutes as presented.
Second	Tom Schmelzer
Motion Carried	

June 21, 2023 Operations Committee Meeting Minutes

Edward Meny noted the minutes in the packet. No questions from the Board.

Ends Metrics

Opioid Health Home Retention Metric

Joel Smith reported as documented. Discussion followed.

Motion Sherii Sherban moved that the data is relevant and compelling, the Executive Officer is in compliance and the Ends do not need revision.

Second Tom Schmelzer

Motion Carried

Board Actions to be Considered

2024 Board Ends Development

Susan Radwan reported as documented highlighting ownership linkage, delegation and accountability, Principle of Ends, differences between CMHs and SWMBH, and excerpt from Operating Agreement on responsibilities, stakeholders and beneficiaries. Discussion followed. Susan will return to Board in September with Draft Ends for discussion.

Autism Spectrum Disorder Ends Metric

Alena Lacey stated that due to the State discontinuing use of the software system used to review/track this metric. We ask that it be deleted from Board Ends Metrics. Discussion followed.

Motion Tom Schmelzer moved to remove these Autism Spectrum Disorder metrics from the Board Ends

Second Erik Krogh

Motion Carried

Board Policy Review

BG-003 Unity of Control

Edward Meny reviewed the policy as documented.

Motion Tom Schmelzer moved that the Board is in compliance with BG-003 Unity of Control and the policy does not need revision.

Second Erik Krogh

Motion Carried

Executive Limitations Review

BEL-006 Investments

Louie Csokasy reported as documented.

Motion Louie Csokasy moved that the Executive Officer is in compliance with policy BEL-006 Investments. The policy will return to September Board for possible revisions after a Louie and management conversation.

Second Sherii Sherban

Motion Carried

BEL-004 Treatment of Staff

Carol Naccarato reported as documented.

Motion Carol Naccarato moved that the Executive Officer is in compliance with policy BEL-004 Treatment of Staff and the policy does not need revision.

Second Tom Schmelzer

Motion Carried

BEL-007 Compensation and Benefits

Susan Barnes reported as documented.

Motion Susan Barnes moved that the Executive Officer is in compliance with policy BEL-007 Compensation and Benefits and the policy does not need revision.

Second Carol Naccarato

Motion Carried

Board Education**Fiscal Year 2023 Year to Date Financial Statements**

Garyl Guidry reported as documented noting that Fiscal Year 2023 is overspent in Medicaid.

Fiscal Year 2024 Budget

Garyl Guidry stated that Fiscal Year 2024 is under development with a projected revenue decrease from the State. An early first draft would have the Region utilizing all the Internal Service Funds in Fiscal Year 2024. There is a meeting with Milliman on August 23rd and a draft Fiscal Year 2024 Budget will be presented to the Board at the September meeting. Discussion followed.

Communication and Counsel to the Board**Fiscal Year 2022 Performance Bonus Incentive Program**

Brad Casemore reported as documented.

September Board Policy Direct Inspections

Brad Casemore noted September direct inspections.

Public Comment

None

Adjournment

Edward Meny adjourned at 11:46am

Southwest Michigan Behavioral Health

Board Ends Development and Ownership Linkage Plan Draft 8/15/23

Introduction

As part of its Policy Governance maintenance and renewal effort, the SWMBH Board has identified the eight Community Mental Health Agencies via the CMH Boards as the “Owners” of SWMBH in Policy Governance parlance.

Given that the SWMBH “Ends” are nearly a decade old, it is time to reconsider the Ends which serve as Governance instruction and accountability standards to the Executive Officer.

Ownership Linkage serves to enhance Owner engagement in the Ends development process and assure that the Board is the informed voice and agent of the ownership in its policy development work.

As requested by the SWMBH Board, this serves as the proposed process and timeframes to perform the Ends development process.

Plan

Step 1: Susan Radwan presents this Ends Development Ownership Linkage plan to Board. September 8, 2023.

Step 2: Susan Radwan and Bradley Casemore produce a 15-minute video and slide deck on Purpose of SWMBH, Ownership and Ends Policy Functions, and Ownership Linkage Questions. It is our hope that each CMH Board will view that video as a group between October - November 2023.

Step 3: SWMBH Board Member, Susan and Brad attend each CMH Board Meeting minimum 60 minutes for consideration of these Owner questions. November 2023 - January 2024.

1. What results, outcomes, value and benefit do you expect SWMBH to provide to our CMH? To the Region?
2. What values are important for SWMBH to adhere to?
3. As an *owner* of SWMBH, what do you think the communication relationship should be between our CMH Board and the SWMBH Executive Officer?
4. As an *owner* of SWMBH, what do you think SWMBH should be accountable for in the region?

Step 4: SWMBH aggregates CMH Board inputs to SWMBH Board for review at Board meetings along with draft Ends. February 9, 2024, and March 8, 2024.

Step 5: SWMBH Board Member to CMH Board with draft Ends policy to get further owner input. March - April 2024.

Step 6: Revised Ends to Operations Committee review with Sue. March - April 2024.

Step 7: Board review and approval of Revised Ends. May 10, 2024.

Context, Policy Governance, Ownership Linkage and Ends (Wikipedia)

The board's primary relationship is with the organization's 'ownership'. As a result, governance is a downward extension of ownership rather than an upward extension of management. In this space, the board, as a single entity, assumes a governance position that is the link between ownership and the operational organization. That governance position is a commanding authority. The board exists to exercise that commanding authority and to properly empower others. "Proper empowerment" means to define the results to be achieved by the organization (Ends) and define what would be considered unacceptable in terms of ethics and prudence (Executive Limitations). The board delegates the job of achieving its Ends within the parameters defined in policy to the CEO. To complete the delegation, the board rigorously monitors performance to policy to uphold accountability of the CEO.

In Policy Governance, the board has three primary jobs: Ownership Linkage - connecting with owners to learn their values about ends that are desired and means that would be unacceptable; Policy Development - writing those values as guidance for organization and for the board itself; and Assurance of Organizational Performance - monitoring to ensure the organization demonstrates reasonable progress toward desired ends and reasonable compliance with policy guiding means. The board's focus is at the broadest level of policy informed by the ownership's values. When writing policy, the board goes into as much detail as needed, and stops making policy when it can accept any reasonable interpretation of its policy language.

The board defines in writing its expectations about the intended effects to be produced, the intended recipients of those effects, and the intended worth (cost-benefit or priority) of the effects. These are Ends policies.

Southwest Michigan

BEHAVIORAL HEALTH

Section: Board Policy – Governance	Policy Number: BG-008	Pages: 1
Subject: Board Member Job Description	Required By: Policy Governance	Accountability: SWMBH Board
Application: <input checked="" type="checkbox"/> SWMBH Governance Board <input checked="" type="checkbox"/> SWMBH EO		Required Reviewer: SWMBH Board
Effective Date: 03.14.2014	Last Review Date: 9/10/21	Past Review Dates: 2.13.15, 2/12/16, 1/13/17,2/9/18,9/13/19,9/11/20

I. **PURPOSE:**

To define the role and responsibility of the SWMBH Board.

II. **POLICY:**

Specific job outputs of the Board, as informed agents of ownership, are those that ensure appropriate organizational performance.

III. **STANDARDS:**

To distinguish the Board's own unique job from the jobs of its staff, the Board will concentrate its efforts on the following job "products" or outputs:

1. The link between Southwest Michigan Behavioral Health and Participant counties.
2. Written governing policies which, at the broadest levels, address:
 - a. Accomplishments/Results/Ends: Organizational products, impacts, benefits, outcomes, recipients, and their relative worth (what good for which needs at what cost).
 - b. Executive Limitations: Constraints on executive authority, which establish the prudence and ethics boundaries within which all executive activity and decisions must take place.
 - c. Governance Process: Specification of how the Board conceives carries out and monitors its own task.
 - d. Board-EO Delegation: How Board expectations are assigned and properly monitored; the EO role, authority and accountability.
3. The assurance of organizational and EO performance.

IV. **ORIENTATION:**

New Board Members shall be required to complete an initial orientation for purposes of enhancing their knowledge of the roles and responsibilities of SWMBH as an agency, and their understanding to assist in governance decision-making.



Regional Entity 4 Governance Board Policy Manual

Specifically, they shall be provided the following information:

- **Governance Documents (Hierarchical)**
 - o SWMBH Board Bylaws
 - o SWMBH Operating Agreement
 - o Michigan Consortium of Healthcare Excellence Bylaws (MCHE)
- **Ends, Proofs and Strategy**
 - o Previous and Current Years' SWMBH Board Ends and Proofs
- **Context**
 - o SWMBH General PowerPoint
 - o Current SWMBH Board Meeting Calendar and Roster

In addition, new Board Members will be offered a live/remote briefing for each functional area leader.

**Executive Limitations
Monitoring to Assure Executive Performance
For the period August 2022 to August 2023**

Policy Number: BEL-005

Policy Name: Treatment of Plan Members

Assigned Reviewer: Louie Csokasy

Policy Purpose: To clearly define the Treatment of Plan Members by Southwest Michigan Behavioral Health (SWMBH).

Policy: With respect to interactions with Plan members, the SWMBH EO shall not allow conditions, procedures, or processes which are unsafe, disrespectful, undignified, unnecessarily intrusive, or which fail to provide appropriate confidentiality and privacy.

EO Comment: I broadly interpret "Plan Member" as any past, present, or potential future beneficiary of SWMBH-managed supports and services. Our contractual obligations apply to those in active Medicaid, Healthy Michigan, or in Block Grant substance use disorder prevention and treatment services. Enrollee Rights and Protections regulations for Medicaid are codified primarily in the federal Managed Care Regulations, via our contract with MDHHS, and in Michigan statute for persons with behavioral health and substance use disorders. Additional privacy, security and confidentiality protections are codified in multiple federal and state regulations.

Standards: Accordingly, the EO may not;

1. Use forms or procedures that elicit information for which there is no clear necessity.

EO Response: SWMBH does not use any unwarranted forms or procedures to request any information for which there is no clear necessity of Members other than those required by statutory, regulatory, or contractual obligations. There are no Member complaints known to SWMBH related to this issue for the time period under consideration.

2. Use methods of collecting, reviewing, or storing plan member information that fail to protect against improper access to the information elicited.

EO Response: All electronic and paper member informational files at SWMBH are appropriately and securely stored, with "need-to-know" access to Protected

Health Information (PHI) that is limited by job function(s). The Managed Care Information System and other electronic storage access to PHI is strictly limited, individually assigned by job functions and auditable by individual staff. Logins and passwords are required for network and managed care information system applications; passwords are “change-forced” every ninety (90) days. Efforts have been completed to improve security by adding Duo multifactor authentication (MFA) for the Microsoft 365 Environment. MFA was previously in place for our on-premise servers and Financial Systems.

SWMBH has a designated Privacy Officer (Mila Todd) and Security Officer (Natalie Spivak) as required under HIPAA regulations. SWMBH has a set of privacy, security, and confidentiality related policies. Staff receive, sign acknowledgements for, and undergo annual training that includes federal regulations related to proper safeguarding and release of information rules for substance use disorder information (42 CFR Part 2). Signed staff attestations will be made available upon request of the Reviewer. Paper records are stored in locked cabinets. There is a designated clinical area that is protected with a digital key lock to restrict access to the area. SWMBH has adopted a hybrid work model, therefore there are minimal clinical staff in the office. Due to the hybrid work model, SWMBH has created policy language to include security requirements for staff working remotely. This language is included in policy 17.01 Workstation Acceptable Use policy. This is to ensure member protected health information is secure no matter where the workstation is located. There are no known Member complaints or compliance inquiries stemming from SWMBH related to this issue in the period under consideration.

3. Fail to inform the Board of the status of uniform benefits across the region or fail to assist Participant CMHs towards compliance.

EO Response: The Board has periodically received penetration and access reports indicative of basic Uniform Benefit markers such as readiness of access, timeliness of care, utilization data and other measures. CMHs are able to request this information from SWMBH finance staff at any time to review the data. There is very little legitimate Michigan PIHP comparative data for benchmarking. SWMBH benefits use exists in the area of utilization, especially where assessment of functioning, level of care and outcome is concerned. We continue to work with MDHHS and counterpart Regional Entities to prepare and present comparative data. SWMBH is also able to assess and track any deficiencies with timeliness/access to care with our providers through the MMBPIS. We can identify challenges and barriers members may encounter.

Multiple evidence-based practices, (trauma informed care, seeking safety, helping men recovery, cognitive behavioral therapy, dialectical behavior therapy, motivational interviewing, parent management training), and member self-support tools, such as MyStrength, have been promoted throughout the region at both the provider and member level. Additional common functional assessment tools

have been identified and installed region wide, such as LOCUS and ASAM for adult mental health and adult co-occurring (mental health and substance use disorders).

Through various methodologies, including geo-mapping, SWMBH assesses the adequacy of our Provider Network. This allows the SWMBH region to adjust as necessary to member needs. Provider Network is currently working with IT to develop an automated, real time Network Adequacy report. In the interim, a manual report is completed during the first part of the current Fiscal Year. This is reviewed by the Regional Provider Network Management Committee and submitted to MDHHS by the designated due date. The FY23 report was submitted to MDHHS in February 2023.

As identified in the areas of opportunity from last year's Customer Satisfaction survey analysis, multiple changes were made to how the survey is administered to encourage participation and be more member friendly. The survey is now offered via QR codes or tablets in the CMHSP lobby areas, through the SWMBH website, text message, email or by paper copy. The average length of the survey was shortened from 28 minutes to complete to 5 minutes. The scoring scale was adjusted and no longer offered a neutral response option to ensure members responded positively or negatively. The diverse options improved response rates and the targeted volume goal was met and, exceeded. The Quality Department's goal was to collect 1500 completed surveys. The Region was able to reach that goal and achieved 1574 valid surveys. This was a vast improvement over the previous year's survey completion volume of only 747 valid surveys. Overall, we were able to collect and analyze better member feedback compared to the previous year. This will improve SWMBHs capability to address member needs. There are no member complaints registered by or to SWMBH related to the issue of lack of uniform benefit for the period under consideration. All member grievances and appeals are tracked and trended by SWMBH. SWMBH reviews and, if warranted, defends actions on termination, reduction, suspension, or denials of services at the local level appeal and Fair Hearing.

4. Fail to provide procedural safeguards for the secure transmission of Plan members' protected health information.

EO Response: All electronic and non-electronic information transmission activities and network design and protections take place under applicable federal and state law and regulations, and established policies. An e-mail security hardening project was completed, which strengthened the electronic policies governing electronic mail forcing malicious messages to quarantine before they can be opened or acted upon. We require encryption on all outgoing e-mail messages containing protected information and scan for data such as social security numbers going out unencrypted. We have also required all staff to receive quarterly security awareness training around common threats, social

engineering, and Internet security for the past three years and this year began more effectively using a rules-based system for reporting and resolving phishing attempts. If the outside agency uses Transport Layer Security (TLS), we can instruct our email system to utilize this encryption tunneling protocol instead.

Data transmission with external trading partners occurs via encryption with passwords, inspection of technical systems and actual processes are overseen by the Security Officer and Privacy Officer.

For the period under review, thirty-two (32) actual or potential privacy incidents were reported. They have all been investigated by the Program Integrity and Compliance Department. Twenty-five (25) incidents were reviewed and considered by the SWMBH Breach Response Team which completed a Breach Risk Assessment Tool utilizing factors enumerated by the Federal Rules (45 CFR 164.402(2)) to assess the probability that the protected health information involved was compromised. The remaining seven (7) incidents will be reviewed and considered during the next SWMBH Breach Response Team meeting. Breach incidents are reported to the Board periodically during the Program Integrity and Compliance Program updates.

Of the thirty-two (32) incidents assessed to date, zero were identified as rising to the level of a HIPAA breach and necessitating notification to the affected members and to the Office for Civil Rights (OCR).

5. Fail to establish with Plan members a clear contract of what may be expected from SWMBH including but not limited to their rights and protections.

EO Response: The SWMBH Member Handbook outlines what services are mandatory, optional, and alternative by Benefit Plan. It also states SWMBH's expectations of Providers in their Treatment of Plan Members. Ongoing Member education occurs via Newsletters and regular EO and Leadership attendance at the SWMBH Customer Advisory Council. Periodic newsletters are prepared and distributed that update changes or clarify information to educate Plan Members. At intake, members sign to acknowledge the handbook has been offered to them either in paper format or electronically on SWMBH or the CMHSP's website. There are no known Member complaints related to this topic for the period under consideration.

6. Fail to inform Plan members of this policy or to provide a grievance process to those plan members who believe that they have not been accorded a reasonable interpretation of their rights under this policy.

EO Response: The SWMBH Member Handbook delineates what issues are subject to Office of Recipient Rights complaints, Customer Service grievance and appeals, as well as how to access the related processes. Member newsletters periodically reinforce this policy and how to file a grievance or appeal. Participant

CMH Customer Services representatives have been trained in their delegated roles and they receive ongoing oversight and monitoring from SWMBH. The SWMBH Customer Services Department completes, at a minimum, an annual grievance and appeal report that is provided to each Participant CMH for review, and annually to the SWMBH Board. The Treatment of Plan Members Policy is posted at SWMBH and reviewed in person with new staff by the EO. This Policy is available to all staff on the Shared Network Drive.

Related items offered for review:

- Customer Satisfaction Results
- RSA-r Information summary
- FINAL - SWMBH FY23 Network Adequacy Analysis
- Customer Handbook 2023-FINAL
- 17.01 Workstation Acceptable Use
- CAC Nov. 21 Meeting minutes
- CAC Mar 20_Minutes
- SWMBH Patient Newsletter July 2023
- SWBH Patient Newsletter Jan. 2023

The assigned SWMBH Behavioral Health Board direct inspector, Mr. Csokasy, was offered further contact with the EO, Chief Administrative Officer and Manager of Customer Services.

Southwest Michigan

BEHAVIORAL HEALTH

Section: Board Policy	Policy Number: BEL-005	Pages: 1
Subject: Treatment of Plan Members	Required By: Policy Governance	Accountability: SWMBH Board
Application: <input checked="" type="checkbox"/> SWMBH Governance Board <input checked="" type="checkbox"/> SWMBH EO		Required Reviewer: SWMBH Board
Effective Date: 12.20.2013	Last Review Date: 09/10/21	Past Review Dates: 12/12/14, 1/8/16, 3/10/17, 3/18/18,8/9/19,08/14/20

I. PURPOSE:

To clearly define the Treatment of Plan Members by SWMBH

II. POLICY:

With respect to interactions with Plan members, the SWMBH EO shall not allow conditions, procedures, or processes which are unsafe, disrespectful, undignified, unnecessarily intrusive, or which fail to provide appropriate confidentiality and privacy.

III. STANDARDS:

Accordingly the EO may not:

1. Use forms or procedures that elicit information for which there is no clear necessity.
2. Use methods of collecting, reviewing, or storing plan member information that fail to protect against improper access to the information elicited.
3. Fail to inform the Board of the status of uniform benefits across the region or fail to assist Participant CMHs towards compliance.
4. Fail to provide procedural safeguards for the secure transmission of Plan members' protected health information.
5. Fail to establish with Plan members a clear contract of what may be expected from SWMBH including but not limited to their rights and protections.
6. Fail to inform Plan members of this policy or to provide a grievance process to those plan members who believe that they have not been accorded a reasonable interpretation of their rights under this policy.

Southwest Michigan

B E H A V I O R A L H E A L T H

Section: Board Policy – Executive Limitations		Policy Number: BEL-008	Pages: 2
Subject: Communication and Counsel to the Board		Required By: Policy Governance	Accountability: SWMBH Board
Application: <input type="checkbox"/> SWMBH Governance Board <input checked="" type="checkbox"/> SWMBH Executive Officer (EO)			Required Reviewer: SWMBH Board
Effective Date: 01.10.2014	Last Review Date: 09.10.21	Past Review Dates: 10.12.14, 10.09.15, 10.14.16, 10.13.17, 10.12.18, 10.11.19, 10.9.20	

I. PURPOSE:

To make appropriate decisions the board must be provided with accurate, timely and relevant information.

II. POLICY:

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

III. STANDARDS:

The EO will not;

1. Neglect to submit monitoring data required by the Board in Board Policy and Direction 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. 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.
3. Allow the Board to be without decision information required periodically by the Board or let the Board be unaware of relevant trends.
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.
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.
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.

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

Southwest Michigan

BEHAVIORAL HEALTH

Section: Board Policy – Executive Limitations		Policy Number: EO-001	Pages: 1
Subject: Executive Role and Job Description		Required By: Policy Governance	Accountability: SWMBH Board
Application: <input checked="" type="checkbox"/> SWMBH Governance Board <input checked="" type="checkbox"/> SWMBH EO			Required Reviewer: SWMBH Board
Effective Date: 03.14.2014	Last Review Date: 11.11.22	Past Review Dates: 10.12.14, 10.9.15, 10.14.16, 10.13.17, 9.14.18, 10.11.19, 9.11.20, 9.10.21	

I. **PURPOSE:**

To define the executive role and job description.


II. **POLICY:**


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.

III. **STANDARDS:**

Accordingly:

1. The Board will not give instructions to persons who report directly or indirectly to the EO.
2. The Board will not evaluate, either formally or informally, any staff other than the EO.

	A	B	C	D	E	F	G	H	I	J	K	L
1	 Southwest Michigan Behavioral Health Summary Income Statement For the Fiscal YTD Period Ended 7/31/2023											
2												
3												
4		Total Region	SWMBH Central	CMH Participants	Barry CMHA	Berrien CMHA	Pines Behavioral	Summit Pointe	Woodlands Behavioral	Integrated Services of Kalamazoo	Pivotal of St. Joseph	Van Buren MHA
5												
6												
7												
8												
9												
10												
11												
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26												
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31												

	A	B	C	D	E	F	G	H	I	J	K	L
32	 Southwest Michigan Behavioral Health Summary Income Statement For the Fiscal YTD Period Ended 7/31/2023											
33												
34												
35		Total Region	SWMBH Central	CMH Participants	Barry CMHA	Berrien CMHA	Pines Behavioral	Summit Pointe	Woodlands Behavioral	Integrated Services of Kalamazoo	Pivotal of St. Joseph	Van Buren MHA
36												
37		Healthy Michigan Plan (HMP)										
38	Contract Revenue	\$ 43,753,734	\$ 10,408,464	\$ 33,345,270	\$ 1,854,576	\$ 7,198,753	\$ 1,731,616	\$ 6,806,995	\$ 2,223,855	\$ 8,540,704	\$ 1,503,053	\$ 3,485,718
39	Budget v Actual	\$ 2,769,116	\$ 2,547,727	\$ 221,389	\$ 189,139	\$ 764,367	\$ 175,097	\$ 685,331	\$ 270,688	\$ (1,141,088)	\$ (1,080,330)	\$ 358,185
40	% Variance - Fav / (Unfav)	6.8%	32.4%	0.7%	11.4%	11.9%	11.2%	11.2%	13.9%	-11.8%	-41.8%	11.5%
41												
42	Healthcare Cost	\$ 32,174,132	\$ 11,199,949	\$ 20,974,183	\$ 1,394,012	\$ 4,490,897	\$ 1,444,938	\$ 5,817,023	\$ 850,017	\$ 3,250,999	\$ 1,321,295	\$ 2,405,004
43	Budget v Actual	\$ (3,893,041)	\$ (4,257,329)	\$ 364,288	\$ (270,516)	\$ (1,316,809)	\$ 689,780	\$ (776,552)	\$ (18,272)	\$ 1,385,661	\$ 1,188,767	\$ (517,773)
44	% Variance - Fav / (Unfav)	-13.8%	-61.3%	1.7%	-24.1%	-41.5%	32.3%	-15.4%	-2.2%	29.9%	47.4%	-27.4%
45	MLR	73.5%	107.6%	62.9%	75.2%	62.4%	83.4%	85.5%	38.2%	38.1%	87.9%	69.0%
46												
47	Managed Care Administration	\$ 2,794,083	\$ 825,163	\$ 1,968,920	\$ 180,233	\$ 404,100	\$ 123,706	\$ 497,541	\$ 129,602	\$ 191,694	\$ 179,691	\$ 262,352
48	Budget v Actual	\$ (326,593)	\$ 260,230	\$ (586,823)	\$ (38,420)	\$ (159,696)	\$ (9,065)	\$ (91,577)	\$ (16,638)	\$ (27,308)	\$ (115,285)	\$ (128,834)
49	% Variance - Fav / (Unfav)	-13.2%	24.0%	-42.5%	-27.1%	-65.3%	-7.9%	-22.6%	-14.7%	-16.6%	-179.0%	-96.5%
50	ACR	8.0%	2.4%	5.6%	11.4%	8.3%	7.9%	7.9%	13.2%	5.6%	12.0%	9.8%
51												
52	Total Contract Cost	\$ 34,968,215	\$ 12,025,111	\$ 22,943,103	\$ 1,574,245	\$ 4,894,997	\$ 1,568,644	\$ 6,314,564	\$ 979,619	\$ 3,442,693	\$ 1,500,986	\$ 2,667,356
53	Budget v Actual	\$ 30,748,580	\$ 8,028,013	\$ 22,720,568	\$ 1,265,309	\$ 3,418,492	\$ 2,249,359	\$ 5,446,436	\$ 944,709	\$ 4,801,046	\$ 2,574,468	\$ 2,020,749
54	% Variance - Fav / (Unfav)	-13.7%	-49.8%	-1.0%	-24.4%	-43.2%	30.3%	-15.9%	-3.7%	28.3%	41.7%	-32.0%
55												
56												
57	Net before Settlement	\$ 8,785,519	\$ (1,616,648)	\$ 10,402,167	\$ 280,332	\$ 2,303,756	\$ 162,972	\$ 492,431	\$ 1,244,236	\$ 5,098,011	\$ 2,067	\$ 818,361
58	Budget v Actual	\$ (1,450,518)	\$ (1,449,372)	\$ (1,146)	\$ (119,797)	\$ (712,138)	\$ 855,812	\$ (182,797)	\$ 235,778	\$ 217,265	\$ (6,848)	\$ (288,422)
59	% Variance - Fav / (Unfav)	-14.2%	866.5%	0.0%	-29.9%	-23.6%	-123.5%	-27.1%	23.4%	4.5%	-76.8%	-26.1%
60	Note: HMP Savings can be applied to Medicaid cost savings or ISF											
61	Date: 8/29/2023											

	E	F	H	J	K	M	N	O	P	Q	R	S	
1	Southwest Michigan Behavioral Health			Mos in Period									
2	For the Fiscal YTD Period Ended 7/31/2023			P10FYTD22		10							
3	(For Internal Management Purposes Only)												
4	INCOME STATEMENT			TOTAL	Medicaid Contract	Healthy Michigan Contract	Opioid Health Home Contract	CCBHC	MI Health Link	MH Block Grant Contracts	SA Block Grant Contract	SA PA2 Funds Contract	SWMBH Central
5													
6	REVENUE												
17	Contract Revenue	291,860,889	207,941,528	43,753,734	1,620,114	28,196,262	1,447,631	779,308	6,582,404	1,539,908	-	-	
18	DHHS Incentive Payments	442,125	442,125	-	-	-	-	-	-	-	-	-	
19	Grants and Earned Contracts	-	-	-	-	-	-	-	-	-	-	-	
20	Interest Income - Working Capital	502,856	-	-	-	-	-	-	-	-	-	502,856	
21	Interest Income - ISF Risk Reserve	156,910	-	-	-	-	-	-	-	-	-	156,910	
22	Local Funds Contributions	1,074,460	-	-	-	-	-	-	-	-	-	1,074,460	
23	Other Local Income	-	-	-	-	-	-	-	-	-	-	-	
24													
25	TOTAL REVENUE	294,037,240	208,383,652	43,753,734	1,620,114	28,196,262	1,447,631	779,308	6,582,404	1,539,908	1,734,226		
26													
27	EXPENSE												
28	Healthcare Cost												
29	Provider Claims Cost	23,443,228	4,392,395	8,287,638	1,131,398	-	2,356,661	545,718	5,471,787	1,257,631	-	-	
30	CMHP Subcontracts, net of 1st & 3rd party	241,543,399	193,336,455	20,974,183	-	26,296,920	106,118	-	829,723	-	-	-	
31	Insurance Provider Assessment Withhold (IPA)	3,171,835	2,195,612	976,223	-	-	-	-	-	-	-	-	
32	Medicaid Hospital Rate Adjustments	4,077,920	2,141,832	1,936,088	-	-	-	-	-	-	-	-	
33	MHL Cost in Excess of Medicare FFS Cost	-	1,087,154	-	-	-	(1,087,154)	-	-	-	-	-	
34													
35	Total Healthcare Cost	272,236,382	203,153,447	32,174,132	1,131,398	26,296,920	1,375,626	545,718	6,301,510	1,257,631	-	-	
36	Medical Loss Ratio (HCC % of Revenue)	93.1%	97.5%	73.5%	69.8%	93.3%	95.0%		95.7%	81.7%			
37													
39	Purchased Professional Services	306,182	-	-	-	-	-	-	-	-	-	306,182	
40	Administrative and Other Cost	7,745,716	-	-	-	-	-	233,590	88,324	-	-	7,427,735	
42	Depreciation	4,292	-	-	-	-	-	-	-	-	-	4,292	
43	Functional Cost Reclassification	-	-	-	-	-	-	-	-	-	-	-	
44	Allocated Indirect Pooled Cost	(0)	-	-	-	-	-	-	-	-	-	(3,933)	
45	Delegated Managed Care Admin	18,237,645	16,266,168	1,968,920	-	-	2,557	-	-	-	-	-	
46	Apportioned Central Mgd Care Admin	0	5,563,433	825,163	31,905	741,555	69,449	21,976	192,570	-	-	(7,446,050)	
47													
48	Total Administrative Cost	26,293,835	21,829,602	2,794,083	31,905	741,555	72,005	255,566	280,894.28	-	288,226		
49	Admin Cost Ratio (MCA % of Total Cost)	8.8%	9.7%	8.0%	2.7%	2.7%	5.0%		4.3%	0.0%	2.5%		
50													
51	Local Funds Contribution	1,074,460	-	-	-	-	-	-	-	-	-	1,074,460	
52													
54	TOTAL COST after apportionment	299,604,676	224,983,049	34,968,215	1,163,303	27,038,475	1,447,631	801,284	6,582,404	1,257,631	1,362,685		
55													
56	NET SURPLUS before settlement	(5,567,436)	(16,599,396)	8,785,519	456,811	1,157,788	-	(21,976)	0	282,277	371,541		
57	Net Surplus (Deficit) % of Revenue	-1.9%	-8.0%	20.1%	28.2%	4.1%	0.0%	-2.8%	0.0%	18.3%	21.4%		
59	Prior Year Savings	22,226,918	21,215,616	1,011,302	-	-	-	-	-	-	-	-	
60	Change in PA2 Fund Balance	(282,277)	-	-	-	-	-	-	-	(282,277)	-	-	
61	ISF Risk Reserve Abatement (Funding)	(156,910)	-	-	-	-	-	-	-	-	(156,910)	-	
62	ISF Risk Reserve Deficit (Funding)	-	-	-	-	-	-	-	-	-	-	-	
63	CCBHC Supplemental Receivable (Payable)	(471,530)	-	-	-	(471,530)	-	-	-	-	-	-	
64	Settlement Receivable / (Payable)	(0)	7,888,019	(6,744,951)	(456,811)	(686,257)	-	-	(0)	-	-	-	
65	NET SURPLUS (DEFICIT)	15,748,764	12,504,239	3,051,870	-	-	-	(21,976)	-	-	214,631		
66	HMP & Autism is settled with Medicaid												
67													
68	SUMMARY OF NET SURPLUS (DEFICIT)												
69	Prior Year Unspent Savings	3,704,486	3,535,936	168,550	-	-	-	-	-	-	-	-	
70	Current Year Savings	10,708,554	7,825,235	2,883,320	-	-	-	-	-	-	-	-	
71	Current Year Public Act 2 Fund Balance	-	-	-	-	-	-	-	-	-	-	-	
72	Local and Other Funds Surplus/(Deficit)	1,335,723	1,143,068	-	-	-	-	(21,976)	-	-	214,631		
73													
74	NET SURPLUS (DEFICIT)	15,748,764	12,504,239	3,051,870	-	-	-	(21,976)	-	-	214,631		
75													

	F	G	H	I	J	K	L	M	N	O	P	Q	R	
1	Southwest Michigan Behavioral Health			Mos in Period										
2	For the Fiscal YTD Period Ended 7/31/2023			10										
3	(For Internal Management Purposes Only)			ok										
4	INCOME STATEMENT			Total SWMBH	SWMBH Central	CMH Participants	Barry CMHA	Berrien CMHA	Pines Behavioral	Summit Pointe	Woodlands Behavioral	Integrated Services of Kalamazoo	St Joseph CMHA	Van Buren MHA
5														
6	Medicaid Specialty Services				HCC%		79.9%	85.9%	83.6%	82.3%	87.1%	87.3%	86.3%	87.1%
7	Subcontract Revenue			207,941,528	13,741,768	194,199,759	9,588,266	40,384,369	11,357,501	38,204,442	12,257,046	51,670,749	10,538,029	20,199,358
8	Incentive Payment Revenue			442,125	279,042	163,083	3,706	41,830	-	95,308	-	-	22,239	-
9	Contract Revenue			208,383,652	14,020,810	194,362,842	9,591,972	40,426,199	11,357,501	38,299,751	12,257,046	51,670,749	10,560,267	20,199,358
10														
11	External Provider Cost			161,148,918	4,392,395	156,756,523	4,422,347	32,011,842	7,186,576	27,104,374	9,736,418	50,078,376	11,726,318	14,490,272
12	Internal Program Cost			37,709,066	-	37,709,066	3,709,596	8,456,032	2,416,159	9,614,286	3,975,317	2,129,875	814,187	6,593,613
13	SSI Reimb. 1st/3rd Party Cost Offset			(1,023,016)	-	(1,023,016)	(12,230)	(369,327)	-	(87,730)	-	(449,159)	(404)	(104,167)
14	Insurance Provider Assessment Withhold (IPA)			4,337,444	4,337,444	-	-	-	-	-	-	-	-	-
15	MHL Cost in Excess of Medicare FFS Cost			1,051,584	1,051,584	-	-	-	-	-	-	-	-	-
16	Total Healthcare Cost			203,223,995	9,781,423	193,442,573	8,119,713	40,098,547	9,602,736	36,630,930	13,711,735	51,759,092	12,540,101	20,979,718
17	Medical Loss Ratio (HCC % of Revenue)			97.5%	69.8%	99.5%	84.7%	99.2%	84.5%	95.6%	111.9%	100.2%	118.7%	103.9%
18														
19	Managed Care Administration			21,832,158	5,563,433	16,268,725	1,049,806	3,626,918	908,346	3,215,653	1,103,167	3,078,440	1,204,097	2,082,299
20	Admin Cost Ratio (MCA % of Total Cost)			9.7%	2.5%	7.2%	11.4%	8.3%	8.6%	8.1%	7.4%	5.6%	8.8%	9.0%
21														
22	Contract Cost			225,056,154	15,344,856	209,711,298	9,169,518	43,725,465	10,511,082	39,846,583	14,814,901	54,837,532	13,744,198	23,062,017
23	Net before Settlement			(16,672,501)	(1,324,046)	(15,348,455)	422,454	(3,299,266)	846,419	(1,546,832)	(2,557,855)	(3,166,783)	(3,183,931)	(2,862,660)
24														
25	Prior Year Savings			21,215,616	21,215,616	-	-	-	-	-	-	-	-	-
26	Internal Service Fund Risk Reserve			-	-	-	-	-	-	-	-	-	-	-
27	Contract Settlement / Redistribution			7,888,019	(7,460,436)	15,348,455	(422,454)	3,299,266	(846,419)	1,546,832	2,557,855	3,166,783	3,183,931	2,862,660
28	Net after Settlement			12,431,134	12,431,134	-	-	-	-	-	-	-	-	-
29														
30	Eligibles and PMPM													
31	Average Eligibles			182,968	182,968	182,968	10,134	34,397	10,801	35,514	10,691	47,916	15,104	18,411
32	Revenue PMPM			\$ 113.89	\$ 7.66	\$ 106.23	\$ 94.65	\$ 117.53	\$ 105.15	\$ 107.84	\$ 114.65	\$ 107.84	\$ 69.92	\$ 109.71
33	Expense PMPM			\$ 123.00	\$ 8.39	\$ 114.62	\$ 90.48	\$ 127.12	\$ 97.32	\$ 112.20	\$ 138.57	\$ 114.45	\$ 91.00	\$ 125.26
34	Margin PMPM			\$ (9.11)	\$ (0.72)	\$ (8.39)	\$ 4.17	\$ (9.59)	\$ 7.84	\$ (4.36)	\$ (23.93)	\$ (6.61)	\$ (21.08)	\$ (15.55)
35														
36	Medicaid Specialty Services													
37	Budget v Actual													
38														
39	Eligible Lives (Average Eligibles)													
40	Actual			182,968	182,968	182,968	10,134	34,397	10,801	35,514	10,691	47,916	15,104	18,411
41	Budget			174,379	174,379	174,379	9,423	33,008	10,297	33,586	10,237	45,533	14,354	17,941
42	Variance - Favorable / (Unfavorable)			8,589	8,589	8,589	711	1,389	504	1,928	454	2,383	750	470
43	% Variance - Fav / (Unfav)			4.9%	4.9%	4.9%	7.5%	4.2%	4.9%	5.7%	4.4%	5.2%	5.2%	2.6%
44														
45	Contract Revenue before settlement													
46	Actual			208,383,652	14,020,810	194,362,842	9,591,972	40,426,199	11,357,501	38,299,751	12,257,046	51,670,749	10,560,267	20,199,358
47	Budget			218,631,757	21,254,890	197,376,867	8,432,038	36,953,907	10,576,368	34,577,343	10,769,400	63,831,061	14,266,528	17,970,223
48	Variance - Favorable / (Unfavorable)			(10,248,105)	(7,234,080)	(3,014,025)	1,159,934	3,472,292	781,133	3,722,408	1,487,646	(12,160,312)	(3,706,261)	2,229,135
49	% Variance - Fav / (Unfav)			-4.7%	-34.0%	-1.5%	13.8%	9.4%	7.4%	10.8%	13.8%	-19.1%	-26.0%	12.4%
50														
51	Healthcare Cost													
52	Actual			203,223,995	9,781,423	193,442,573	8,119,713	40,098,547	9,602,736	36,630,930	13,711,735	51,759,092	12,540,101	20,979,718
53	Budget			176,630,686	8,815,646	167,815,040	7,447,258	32,396,228	10,402,350	34,065,947	10,279,061	44,214,883	12,048,613	16,960,701
54	Variance - Favorable / (Unfavorable)			(26,593,309)	(965,777)	(25,627,532)	(672,455)	(7,702,319)	799,614	(2,564,983)	(3,432,674)	(7,544,209)	(491,489)	(4,019,017)
55	% Variance - Fav / (Unfav)			-15.1%	-11.0%	-15.3%	-9.0%	-23.8%	7.7%	-7.5%	-33.4%	-17.1%	-4.1%	-23.7%
56														
57	Managed Care Administration													
58	Actual			21,832,158	5,563,433	16,268,725	1,049,806	3,626,918	908,346	3,215,653	1,103,167	3,078,440	1,204,097	2,082,299
59	Budget			18,895,016	7,143,979	11,751,037	940,032	2,509,439	384,196	2,610,884	1,396,059	2,233,905	476,588	1,199,933
60	Variance - Favorable / (Unfavorable)			(2,937,143)	1,580,545	(4,517,688)	(109,773)	(1,117,479)	(524,150)	(604,769)	292,893	(844,535)	(727,509)	(882,365)
61	% Variance - Fav / (Unfav)			-15.5%	22.1%	-38.4%	-11.7%	-44.5%	-136.4%	-23.2%	21.0%	-37.8%	-152.6%	-73.5%
62														
63	Total Contract Cost													
64	Actual			225,056,154	15,344,856	209,711,298	9,169,518	43,725,465	10,511,082	39,846,583	14,814,901	54,837,532	13,744,198	23,062,017
65	Budget			195,525,702	15,959,624	179,566,077	8,387,290	34,905,667	10,786,546	36,676,831	11,675,120	46,448,788	12,525,201	18,160,634
66	Variance - Favorable / (Unfavorable)			(29,530,452)	614,768	(30,145,220)	(782,228)	(8,819,798)	275,464	(3,169,752)	(3,139,781)	(8,388,744)	(1,218,998)	(4,901,383)
67	% Variance - Fav / (Unfav)			-15.1%	3.9%	-16.8%	-9.3%	-25.3%	2.6%	-8.6%	-26.9%	-18.1%	-9.7%	-27.0%
68														
69	Net before Settlement													
70	Actual			(16,672,501)	(1,324,046)	(15,348,455)	422,454	(3,299,266)	846,419	(1,546,832)	(2,557,855)	(3,166,783)	(3,183,931)	(2,862,660)
71	Budget			23,106,055	5,295,266	17,810,790	44,748	2,048,239	(210,178)	(2,099,488)	(905,720)	17,382,272	1,741,327	(190,412)
72	Variance - Favorable / (Unfavorable)			(39,778,557)	(6,619,312)	(33,159,245)	377,706	(5,347,505)	1,056,596	552,656	(1,652,135)	(20,549,056)	(4,925,259)	(2,672,248)
73	% Variance - Fav / (Unfav)			-172.2%	-125.0%	-186.2%	84.1%	-261.1%	-502.7%	-26.3%	182.4%	-118.2%	-282.8%	1403.4%
74														

	F	G	H	I	J	K	L	M	N	O	P	Q	R								
1	Southwest Michigan Behavioral Health			Mos in Period																	
2	For the Fiscal YTD Period Ended 7/31/2023			10																	
3	(For Internal Management Purposes Only)			ok																	
4	INCOME STATEMENT			Total SWMBH	SWMBH Central	CMH Participants	Barry CMHA	Berrien CMHA	Pines Behavioral	Summit Pointe	Woodlands Behavioral	Integrated Services of Kalamazoo	St Joseph CMHA	Van Buren MHA							
5																					
75	Healthy Michigan Plan			HCC%		13.7%		10.9%		12.6%		13.0%		5.4%		9.2%		12.7%		9.9%	
76	Contract Revenue			43,753,734	10,408,464	33,345,270	1,854,576	7,198,753	1,731,616	6,806,995	2,223,855	8,540,704	1,503,053	3,485,718							
77																					
78	External Provider Cost			20,641,273	8,287,638	12,353,635	538,038	1,923,745	505,369	3,463,324	169,678	3,084,735	1,273,207	1,395,538							
79	Internal Program Cost			8,620,549	-	8,620,549	855,973	2,567,152	939,568	2,353,699	680,338	166,264	48,088	1,009,467							
80	SSI Reimb, 1st/3rd Party Cost Offset			-	-	-	-	-	-	-	-	-	-	-							
81	Insurance Provider Assessment Withhold (IPA)			2,912,311	2,912,311	-	-	-	-	-	-	-	-	-							
82	Total Healthcare Cost			32,174,132	11,199,949	20,974,183	1,394,012	4,490,897	1,444,938	5,817,023	850,017	3,250,999	1,321,295	2,405,004							
83	Medical Loss Ratio (HCC % of Revenue)			73.5%	107.6%	62.9%	75.2%	62.4%	83.4%	85.5%	38.2%	38.1%	87.9%	69.0%							
84																					
85	Managed Care Administration			2,794,083	825,163	1,968,920	180,233	404,100	123,706	497,541	129,602	191,694	179,691	262,352							
86	Admin Cost Ratio (MCA % of Total Cost)			8.0%	2.4%	5.6%	11.4%	8.3%	7.9%	7.9%	13.2%	5.6%	12.0%	9.8%							
87																					
88	Contract Cost			34,968,215	12,025,111	22,943,103	1,574,245	4,894,997	1,568,644	6,314,564	979,619	3,442,693	1,500,986	2,667,356							
89	Net before Settlement			8,785,519	(1,616,648)	10,402,167	280,332	2,303,756	162,972	492,431	1,244,236	5,098,011	2,067	818,361							
90																					
91	Prior Year Savings			1,011,302	1,011,302	-	-	-	-	-	-	-	-	-							
92	Internal Service Fund Risk Reserve			-	-	-	-	-	-	-	-	-	-	-							
93	Contract Settlement / Redistribution			(6,744,951)	3,657,216	(10,402,167)	(280,332)	(2,303,756)	(162,972)	(492,431)	(1,244,236)	(5,098,011)	(2,067)	(818,361)							
94	Net after Settlement			3,051,870	3,051,870	-	-	-	-	-	-	-	-	-							
95																					
96	Eligibles and PMPM																				
97	Average Eligibles			81,352	81,352	81,352	4,162	15,854	3,877	14,881	4,941	23,599	6,254	7,784							
98	Revenue PMPM			\$ 53.78	\$ 12.79	\$ 40.99	\$ 44.56	\$ 45.41	\$ 44.66	\$ 45.74	\$ 45.01	\$ 36.19	\$ 24.03	\$ 44.78							
99	Expense PMPM			42.98	14.78	28.20	37.82	30.88	40.46	42.43	19.83	14.59	24.00	34.27							
100	Margin PMPM			\$ 10.80	\$ (1.99)	\$ 12.79	\$ 6.74	\$ 14.53	\$ 4.20	\$ 3.31	\$ 25.18	\$ 21.60	\$ 0.03	\$ 10.51							
101																					
102	Healthy Michigan Plan																				
103	Budget v Actual																				
104																					
105	Eligible Lives (Average Eligibles)																				
106	Actual			81,352	81,352	81,352	4,162	15,854	3,877	14,881	4,941	23,599	6,254	7,784							
107	Budget			74,889	74,889	74,889	3,793	14,729	3,546	13,688	4,485	21,571	5,873	7,204							
108	Variance - Favorable / (Unfavorable)			6,463	6,463	6,463	369	1,125	331	1,193	456	2,028	381	580							
109	% Variance - Fav / (Unfav)			8.6%	8.6%	8.6%	9.7%	7.6%	9.3%	8.7%	10.2%	9.4%	6.5%	8.1%							
110																					
111	Contract Revenue before settlement																				
112	Actual			43,753,734	10,408,464	33,345,270	1,854,576	7,198,753	1,731,616	6,806,995	2,223,855	8,540,704	1,503,053	3,485,718							
113	Budget			40,984,618	7,860,737	33,123,881	1,665,437	6,434,386	1,556,518	6,121,664	1,953,167	9,681,793	2,583,383	3,127,533							
114	Variance - Favorable / (Unfavorable)			2,769,116	2,547,727	221,389	189,139	764,367	175,097	685,331	270,688	(1,141,088)	(1,080,330)	358,185							
115	% Variance - Fav / (Unfav)			6.8%	32.4%	0.7%	11.4%	11.9%	11.2%	11.2%	13.9%	-11.8%	-41.8%	11.5%							
116																					
117	Healthcare Cost																				
118	Actual			32,174,132	11,199,949	20,974,183	1,394,012	4,490,897	1,444,938	5,817,023	850,017	3,250,999	1,321,295	2,405,004							
119	Budget			28,281,091	6,942,620	21,338,471	1,123,496	3,174,088	2,134,718	5,040,471	831,745	4,636,660	2,510,062	1,887,232							
120	Variance - Favorable / (Unfavorable)			(3,893,041)	(4,257,329)	364,288	(270,516)	(1,316,809)	689,780	(776,552)	(18,272)	1,385,661	1,188,767	(517,773)							
121	% Variance - Fav / (Unfav)			-13.8%	-61.3%	1.7%	-24.1%	-41.5%	32.3%	-15.4%	-2.2%	29.9%	47.4%	-27.4%							
122																					
123	Managed Care Administration																				
124	Actual			2,794,083	825,163	1,968,920	180,233	404,100	123,706	497,541	129,602	191,694	179,691	262,352							
125	Budget			2,467,489	1,085,393	1,382,097	141,813	244,404	114,640	405,964	112,964	164,386	64,407	133,518							
126	Variance - Favorable / (Unfavorable)			(326,593)	260,230	(586,823)	(38,420)	(159,696)	(9,065)	(91,577)	(16,638)	(27,308)	(115,285)	(128,834)							
127	% Variance - Fav / (Unfav)			-13.2%	24.0%	-42.5%	-27.1%	-65.3%	-7.9%	-22.6%	-14.7%	-16.6%	-179.0%	-96.5%							
128																					
129	Total Contract Cost																				
130	Actual			34,968,215	12,025,111	22,943,103	1,574,245	4,894,997	1,568,644	6,314,564	979,619	3,442,693	1,500,986	2,667,356							
131	Budget			30,748,580	8,028,013	22,720,568	1,265,309	3,418,492	2,249,359	5,446,436	944,709	4,801,046	2,574,468	2,020,749							
132	Variance - Favorable / (Unfavorable)			(4,219,634)	(3,997,099)	(222,535)	(308,936)	(1,476,505)	680,715	(868,128)	(34,910)	1,358,353	1,073,483	(646,607)							
133	% Variance - Fav / (Unfav)			-13.7%	-49.8%	-1.0%	-24.4%	-43.2%	30.3%	-15.9%	-3.7%	28.3%	41.7%	-32.0%							
134																					
135	Net before Settlement																				
136	Actual			8,785,519	(1,616,648)	10,402,167	280,332	2,303,756	162,972	492,431	1,244,236	5,098,011	2,067	818,361							
137	Budget			10,236,038	(167,276)	10,403,313	400,128	3,015,894	(692,841)	675,228	1,008,458	4,880,746	8,915	1,106,783							
138	Variance - Favorable / (Unfavorable)			(1,450,518)	(1,449,372)	(1,146)	(119,797)	(712,138)	855,812	(182,797)	235,778	217,265	(6,848)	(288,422)							
139	% Variance - Fav / (Unfav)			-14.2%	866.5%	0.0%	-29.9%	-23.6%	-123.5%	-27.1%	23.4%	4.5%	-76.8%	-26.1%							

	F	G	H	I	J	K	L	M	N	O	P	Q	R	
1	Southwest Michigan Behavioral Health			Mos in Period										
2	For the Fiscal YTD Period Ended 7/31/2023			10										
3	(For Internal Management Purposes Only)			ok										
4	INCOME STATEMENT			Total SWMBH	SWMBH Central	CMH Participants	Barry CMHA	Berrien CMHA	Pines Behavioral	Summit Pointe	Woodlands Behavioral	Integrated Services of Kalamazoo	St Joseph CMHA	Van Buren MHA
5														
159														
160	Certified Community Behavioral Health Clin			HCC%			0.0%	0.0%	0.0%	0.0%	0.0%	27.1%	24.8%	0.0%
161	Contract Revenue	28,196,262	963,593	27,232,670	-	-	-	-	-	-	-	20,351,051	6,881,618	-
162	External Provider Cost	9,546,402	-	9,546,402	-	-	-	-	-	-	-	4,910,752	4,635,650	-
164	Internal Program Cost	16,750,518	-	16,750,518	-	-	-	-	-	-	-	16,750,518	-	-
165	SSI Reimb, 1st/3rd Party Cost Offset	-	-	-	-	-	-	-	-	-	-	-	-	-
166	Total Healthcare Cost	26,296,920	-	26,296,920	-	-	-	-	-	-	-	21,661,270	4,635,650	-
167	Medical Loss Ratio (HCC % of Revenue)	93.3%	0.0%	96.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	106.4%	67.4%	0.0%
168	Managed Care Administration	741,555	741,555	-	-	-	-	-	-	-	-	-	-	-
170	Admin Cost Ratio (MCA % of Total Cost)	2.7%	2.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
171	Contract Cost	27,038,475	741,555	26,296,920	-	-	-	-	-	-	-	21,661,270	4,635,650	-
173	Net before Settlement	1,157,788	222,038	935,750	-	-	-	-	-	-	-	(1,310,219)	2,245,969	-
174	PPS-1 Supplemental Payment Difference	-	(471,530)	471,530	-	-	-	-	-	-	-	(529,297)	1,000,828	-
175	Contract Settlement / Redistribution	-	(464,219)	464,219	-	-	-	-	-	-	-	(780,922)	1,245,141	-
176	Net after Settlement	-	(464,219)	464,219	-	-	-	-	-	-	-	(780,922)	1,245,141	-
177														
178														
179	SUD Block Grant Treatment			HCC%			0.5%	0.5%	0.3%	0.0%	2.4%	0.0%	0.1%	0.5%
180	Contract Revenue	6,582,404	6,087,141	495,264	31,463	162,747	23,556	-	65,280	93,298	65,807	53,113		
181	External Provider Cost	5,471,787	5,471,787	-	-	-	-	-	-	-	-	-	-	
183	Internal Program Cost	835,064	-	835,064	48,986	200,521	34,088	10,504	392,530	-	22,032	126,403		
184	SSI Reimb, 1st/3rd Party Cost Offset	(5,341)	-	(5,341)	-	-	-	-	-	-	-	(5,341)		
185	Total Healthcare Cost	6,301,510	5,471,787	829,723	48,986	200,521	34,088	10,504	392,530	-	22,032	121,062		
186	Medical Loss Ratio (HCC % of Revenue)	95.7%	89.9%	167.5%	155.7%	123.2%	144.7%	0.0%	601.3%	0.0%	33.5%	227.9%		
187	Managed Care Administration	280,894	280,894	-	-	-	-	-	-	-	-	-	-	
188	Admin Cost Ratio (MCA % of Total Cost)	4.3%	4.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
190	Contract Cost	6,582,404	5,752,682	829,723	48,986	200,521	34,088	10,504	392,530	-	22,032	121,062		
192	Net before Settlement	0	334,459	(334,459)	(17,523)	(37,774)	(10,532)	(10,504)	(327,250)	93,298	43,775	(67,949)		
193	Contract Settlement	(0)	(334,459)	334,459	17,523	37,774	10,532	10,504	327,250	(93,298)	(43,775)	67,949		
194	Net after Settlement	0	0	-	-	-	-	-	-	-	-	-	-	
195														
196														

	F	G	H	I	J	K	L	M	N	O	P	Q	R	
1	Southwest Michigan Behavioral Health			Mos in Period										
2	For the Fiscal YTD Period Ended 7/31/2023			10										
3	(For Internal Management Purposes Only)			ok										
4	INCOME STATEMENT			Total SWMBH	SWMBH Central	CMH Participants	Barry CMHA	Berrien CMHA	Pines Behavioral	Summit Pointe	Woodlands Behavioral	Integrated Services of Kalamazoo	St Joseph CMHA	Van Buren MHA
5														
197	SWMBH CMHP Subcontracts													
198	Subcontract Revenue	286,473,928	31,200,966	255,272,962	11,474,305	47,745,869	13,112,672	45,011,438	14,546,181	80,655,802	18,988,507	23,738,188		
199	Incentive Payment Revenue	442,125	279,042	163,083	3,706	41,830	-	95,308	-	-	22,239	-		
200	Contract Revenue	286,916,053	31,480,007	255,436,046	11,478,011	47,787,699	13,112,672	45,106,746	14,546,181	80,655,802	19,010,746	23,738,188		
201														
202	External Provider Cost	196,808,380	18,151,820	178,656,560	4,960,385	33,935,586	7,691,946	30,567,698	9,906,096	58,073,863	17,635,175	15,885,810		
203	Internal Program Cost	63,915,196	-	63,915,196	4,614,555	11,223,705	3,389,816	11,978,489	5,048,185	19,046,657	884,307	7,729,482		
204	SSI Reimb, 1st/3rd Party Cost Offset	(1,023,016)	-	(1,023,016)	(12,230)	(369,327)	-	(87,730)	-	(449,159)	(404)	(104,167)		
205	Insurance Provider Assessment Withhold (IPA)	7,244,414	7,249,755	(5,341)	-	-	-	-	-	-	-	(5,341)		
206	MHL Cost in Excess of Medicare FFS Cost	1,051,584	1,051,584	-	-	-	-	-	-	-	-	-		
207	Total Healthcare Cost	267,996,557	26,453,159	241,543,398	9,562,710	44,789,965	11,081,762	42,458,457	14,954,281	76,671,361	18,519,078	23,505,784		
208	Medical Loss Ratio (HCC % of Revenue)	93.4%	84.0%	94.6%	83.3%	93.7%	84.5%	94.1%	102.8%	95.1%	97.4%	99.0%		
209														
210	Managed Care Administration	25,648,690	7,411,045	18,237,645	1,230,039	4,031,018	1,032,052	3,713,194	1,232,769	3,270,134	1,383,788	2,344,651		
211	Admin Cost Ratio (MCA % of Total Cost)	8.7%	2.5%	6.2%	11.4%	8.3%	8.5%	8.0%	7.6%	4.1%	7.0%	9.1%		
212														
213	Contract Cost	293,645,247	33,864,204	259,781,043	10,792,749	48,820,983	12,113,814	46,171,651	16,187,050	79,941,495	19,902,866	25,850,435		
214	Net before Settlement	(6,729,194)	(2,384,197)	(4,344,997)	685,263	(1,033,284)	998,858	(1,064,905)	(1,640,869)	714,307	(892,121)	(2,112,247)		
215														
216	Prior Year Savings	22,226,918	22,226,918	-	-	-	-	-	-	-	-	-		
217	Internal Service Fund Risk Reserve	-	-	-	-	-	-	-	-	-	-	-		
218	Contract Settlement	1,143,068	(3,666,149)	4,809,217	(685,263)	1,033,284	(998,858)	1,064,905	1,640,869	(1,495,229)	2,137,262	2,112,247		
219	Net after Settlement	16,640,792	16,176,572	464,219	(0)	0	-	0	-	(780,922)	1,245,141	-		
220														
221														

	F	G	H	I	J	K	L	M	N	O	P	Q	R
1	Southwest Michigan Behavioral Health												
2	For the Fiscal YTD Period Ended 7/31/2023												
3	(For Internal Management Purposes Only)												
4	INCOME STATEMENT												
5		Total SWMBH	SWMBH Central	CMH Participants	Barry CMHA	Berrien CMHA	Pines Behavioral	Summit Pointe	Woodlands Behavioral	Integrated Services of Kalamazoo	St Joseph CMHA	Van Buren MHA	
222	State General Fund Services												
223			HCC%	2.9%	5.9%	2.7%	3.6%	4.7%	5.1%	1.8%	1.0%	2.4%	
223	Contract Revenue			10,809,023	786,641	1,840,321	774,651	1,549,020	741,358	3,250,430	868,800	997,802	
224													
225	External Provider Cost			871,377	104,255	128,058	33,709	112,283	374,714	-	-	118,359	
226	Internal Program Cost			4,739,791	491,468	986,543	377,643	1,986,473	427,220	-	-	470,444	
227	SSI Reimb, 1st/3rd Party Cost Offset			-	-	-	-	-	-	-	-	-	
228	Total Healthcare Cost			5,611,168	595,722	1,114,601	411,353	2,098,756	801,934	-	-	588,803	
229	Medical Loss Ratio (HCC % of Revenue)			51.9%	75.7%	60.6%	53.1%	135.5%	108.2%	0.0%	0.0%	59.0%	
230													
231	Managed Care Administration			466,491	86,803	92,407	58,812	82,100	46,786	-	-	99,584	
232	Admin Cost Ratio (MCA % of Total Cost)			7.7%	12.7%	7.7%	12.5%	3.8%	5.5%	0.0%	0.0%	14.5%	
233													
234	Contract Cost			6,077,659	682,525	1,207,008	470,165	2,180,855	848,719	-	-	688,386	
235	Net before Settlement			4,731,364	104,117	633,313	304,486	(631,835)	(107,361)	3,250,430	868,800	309,415	
236													
237	Other Redistributions of State GF			664,261	-	(55,723)	(237,574)	215,756	84,872	549,241	38,851	68,839	
238	Contract Settlement			(101,157)	(101,157)	-	-	-	-	-	-	-	
239	Net after Settlement			5,294,469	2,960	577,590	66,912	(416,080)	(22,489)	3,799,671	907,651	378,254	
240													

AUGUST 2023

RECREATIONAL MARIJUANA IN MICHIGAN

A Report on the Statutes, Tax, and
Revenue for Region 4

ALEX WIDEMAN

Administrative Intern at SWMBH

MHSA Student at the University of Michigan



MARIJUANA IN MICHIGAN

Marijuana, also known as cannabis, is a plant that contains psychoactive and medicinal compounds that can affect the human mind and body. In recent years, marijuana has become increasingly legalized for recreational use in many states across the United States, including Michigan.

Michigan voters approved the Michigan Regulation and Taxation of Marihuana Act (Initiated Law 1 of 2018), which legalized the possession, cultivation, and sale of marijuana for adults 21 and older.

The purpose of this report is to examine the statutes, tax revenue, and revenue sharing related to recreational marijuana in Michigan, especially region 4.



Note: This report does not cover medical marijuana, which was legalized in Michigan in 2008 under a separate law. Medical marijuana is not included because it generates an insignificant amount of tax revenue for counties and municipalities in comparison to recreational marijuana. Also note that throughout this report, marijuana is spelled with either a 'j' or 'h' as the relevant statutes and government websites are not consistent in their spelling of marijuana.

LEGALIZATION DEBATE

Anti-Legalization Arguments

Legalizing marijuana will:

- Increase traffic accidents
- Increase societal costs
- Increase health problems
- Increase youth exposure
- Proliferate marijuana establishments in communities
- Create a black market for homegrown marijuana [5]



Pro-Legalization Arguments

Legalizing marijuana will:

- Reduce the number of arrests and incarcerations for minor offenses
- Save police resources
- Generate tax revenue
- Ensure quality and safety standards for consumers [5]

LEGALIZING CANNABIS

- The Michigan Regulation and Taxation of Marihuana Act was created by Proposal 1, a ballot measure that voters approved in November 2018 to legalize recreational cannabis in Michigan.
 - Proposal 1 passed with 56% of the vote, making Michigan the tenth state in the U.S. and the first state in the Midwest to legalize recreational cannabis.[3]
- The Coalition to Regulate Marijuana Like Alcohol (CRMLA), a group that gathered 365,000 signatures to put the measure on the ballot, led the initiative and campaign for legalization.[1]
 - Healthy and Productive Michigan, along with Smart Approaches to Marijuana and the Committee to Keep Pot Out of Neighborhoods and Schools, opposed the initiative.[2]

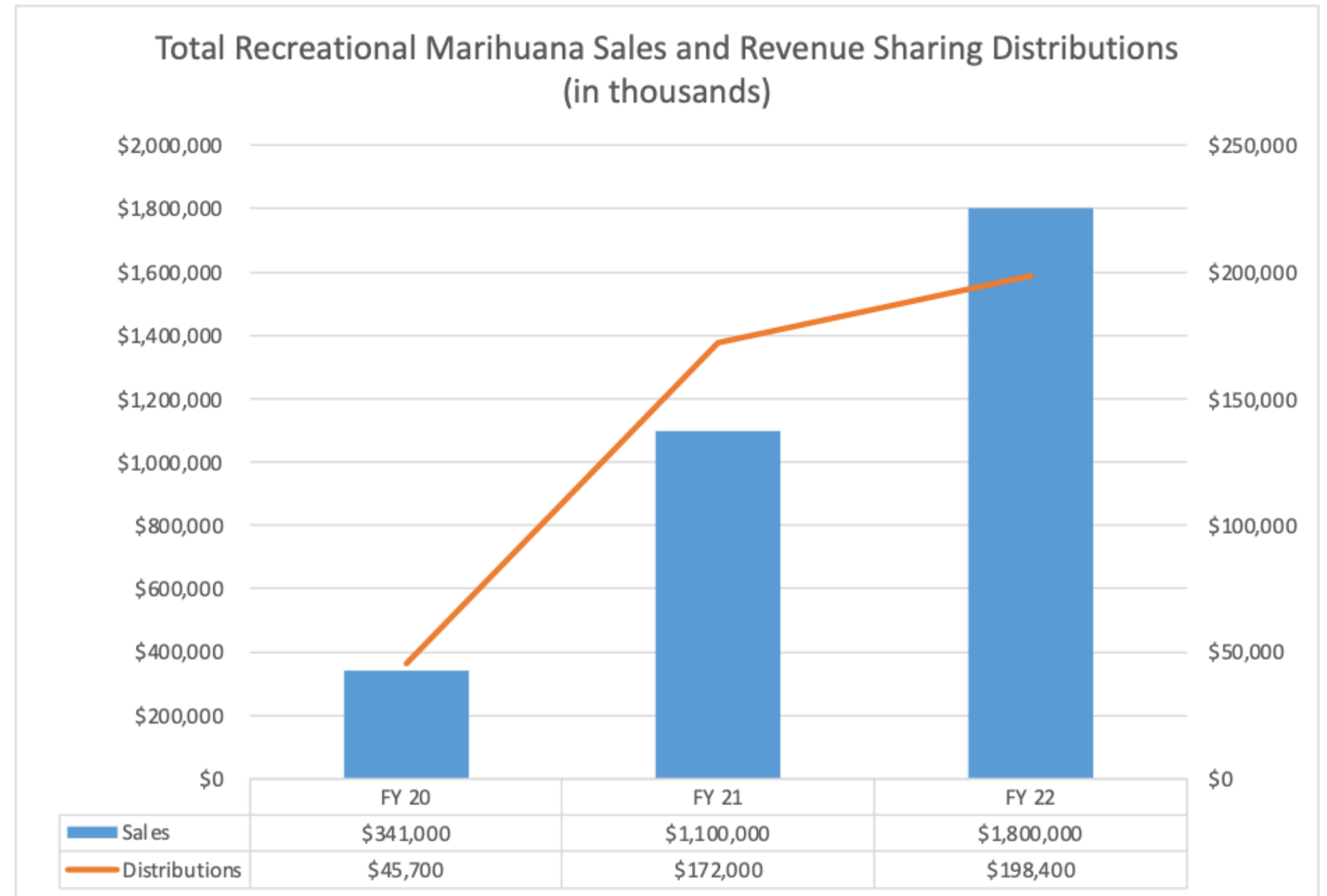
Summary of Proposal 1:

- Allow adults 21 and older to possess 2.5 ounces of marijuana and grow up to 12 plants
- Prohibit motor vehicle operation under the influence of marijuana
- Allow employers to prohibit employees from working under the influence of marijuana
- Commercial marijuana rules to be established by the Department of Licensing and Regulatory Affairs
- Allow production of industrial hemp
- Impose 10% excise tax on retail sales
- Create marijuana establishment licensing categories
- Allow municipalities to prohibit marijuana establishments
- Allow municipalities to charge marijuana establishment fees and require municipal licenses

[4]

STATEWIDE TRENDS

- Recreational marijuana sales in Michigan have grown from \$341 million in FY 2020 to \$1.8 billion in FY 2022.
- Revenue sharing distributions from recreational marijuana have grown from \$45.7 million in FY 2020 to \$198.4 million in FY 2022.
 - Of these distributions, \$10 million was distributed to Michigan counties and municipalities in FY 2020, and this figure rose to \$59.5 million in FY 2022.[6][7][8]
- Region 4 counties and municipalities have received \$22,774,639 in total marijuana tax revenue sharing distributions from FY 2020 to FY 2022.[11][12][13]



MARIJUANA ESTABLISHMENT LICENSURE

- The Cannabis Regulatory Agency (CRA) licenses and regulates recreational marijuana in Michigan under the Michigan Regulation and Taxation of Marihuana Act (MRTMA).
 - Municipalities can also ban or limit marijuana establishments and approve or deny applications.
 - Licenses are valid for one year and can be renewed annually.[9]
- There are various licenses available with different criteria, fees, and requirements. Applicants must pass a background check and disclose information to the CRA such as financial interests, criminal history, and legal history.[10]

The table to the right shows the number of licenses contained in each region 4 county, and the amount distributed per license from revenue sharing[11][12][13]:

	FY 22 Licenses	FY 21 Licenses	FY 20 Licenses
Barry	1	1	1
Berrien	15	9	5
Branch	10	8	1
Calhoun	26	21	13
Cass	6	4	-
Kalamazoo	30	19	12
St Joseph	17	3	-
Van Buren	13	10	5
Total	118	75	37
\$ per License	\$51,841	\$56,453	\$28,001

**Government
Agency**

Cannabis Regulatory Agency (CRA)

**Licenses
Available**

Grower, retailer, safety compliance facility, secure transporter, processor, microbusiness

**Criteria, Fees, &
Requirements**

Varies by license

**Universal
Requirements**

Background check, and disclosure of financial interests, criminal history, and legal history

**License
Validity**

One year with renewal annually

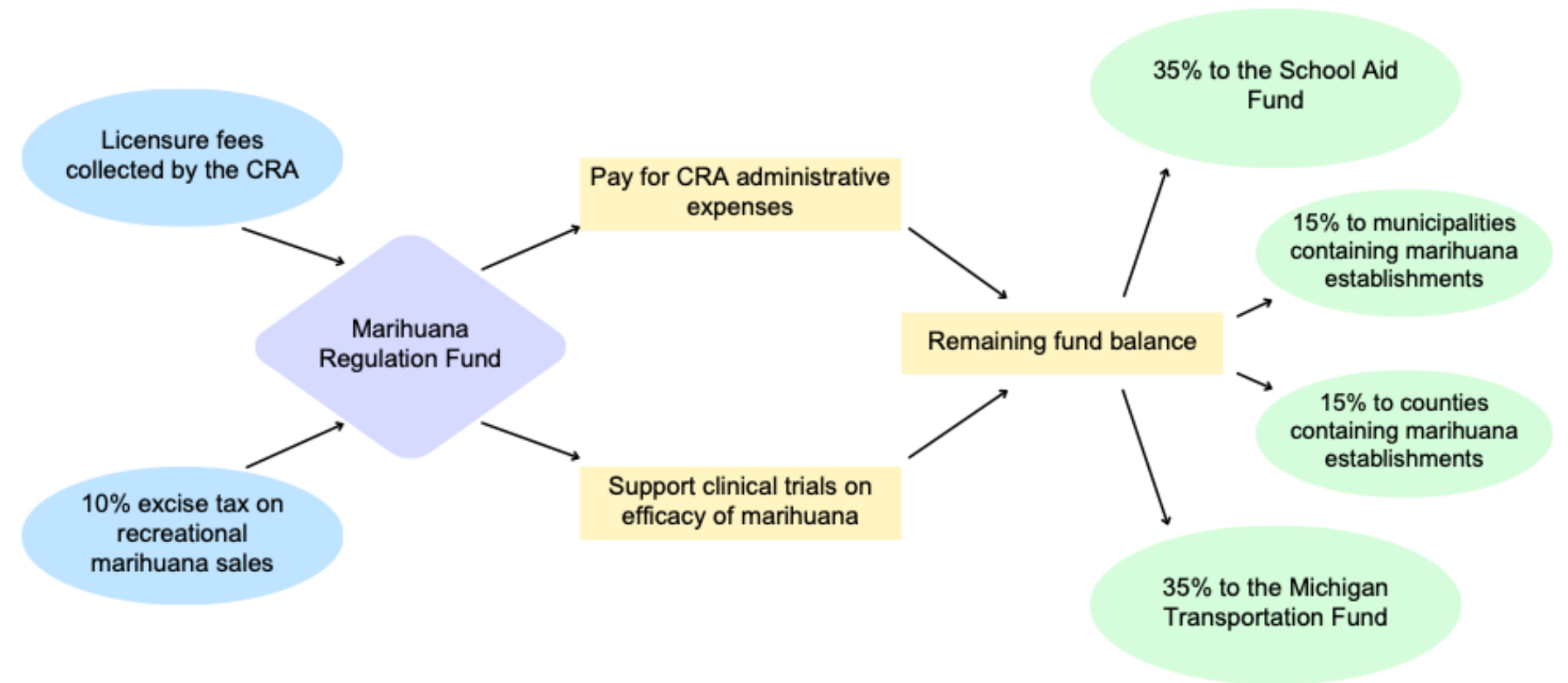
MARIHUANA REGULATION FUND

The MRTMA created the Marihuana Regulation Fund (MRF), which is funded by licensure fees and a 10% excise tax on recreational marijuana sales. The excise tax is administered by the Michigan Department of Treasury, while the MRF is otherwise administered by the CRA.[9]

Funds are first used to cover the costs of implementing, administering, and enforcing the MRTMA. Next, funds are used to support clinical trials on marijuana treatment for veterans by providing \$40 million total to the Food and Drug Administration.

The remaining fund balance is then allocated as follows:

- 15% to municipalities containing marijuana establishments
- 15% to counties containing marijuana establishments
- 35% to the School Aid Fund
- 35% to the Michigan Transportation Fund



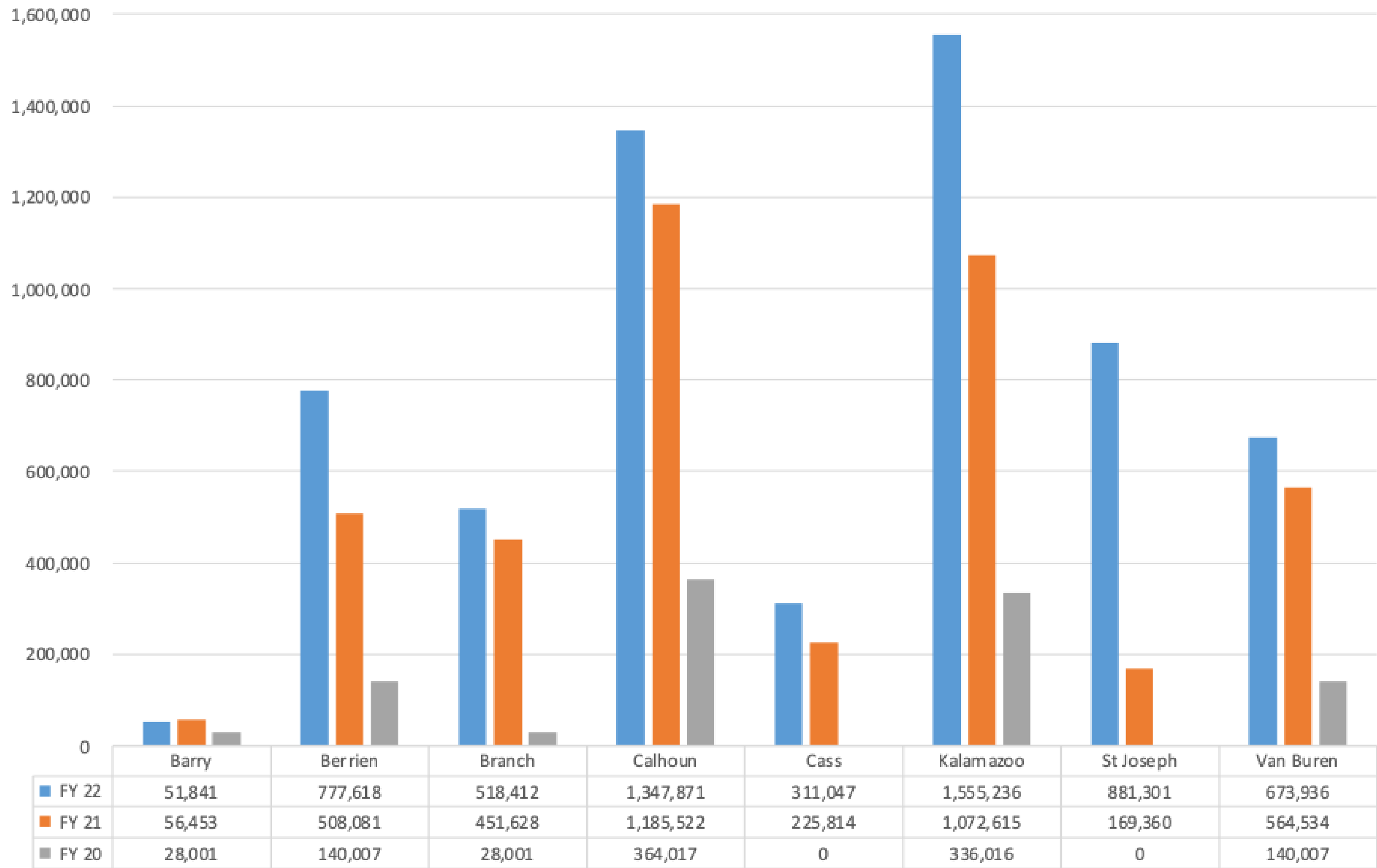
Note: The distributions to municipalities and counties are based on the number of marijuana establishment licenses contained, not marijuana revenue generated.

REGION 4: DISTRIBUTIONS BY COUNTY

- MRF distributions have increased significantly for the majority of counties in region 4 due to:
 - Increase in number of licenses issued
 - Growth in recreational marijuana sales

	FY 22 County Distributions	FY 22 Municipality Distributions	FY 22 Total Distributions
Barry	51,841	51,841	103,682
Berrien	777,618	777,618	1,555,236
Branch	518,412	518,412	1,036,824
Calhoun	1,347,871	1,347,871	2,695,743
Cass	311,047	311,047	622,095
Kalamazoo	1,555,236	1,555,236	3,110,473
St Joseph	881,301	881,301	1,762,601
Van Buren	673,936	673,936	1,347,871
Total	\$6,117,263	\$6,117,263	\$12,234,526

Marihuana Regulation Fund Distributions by County

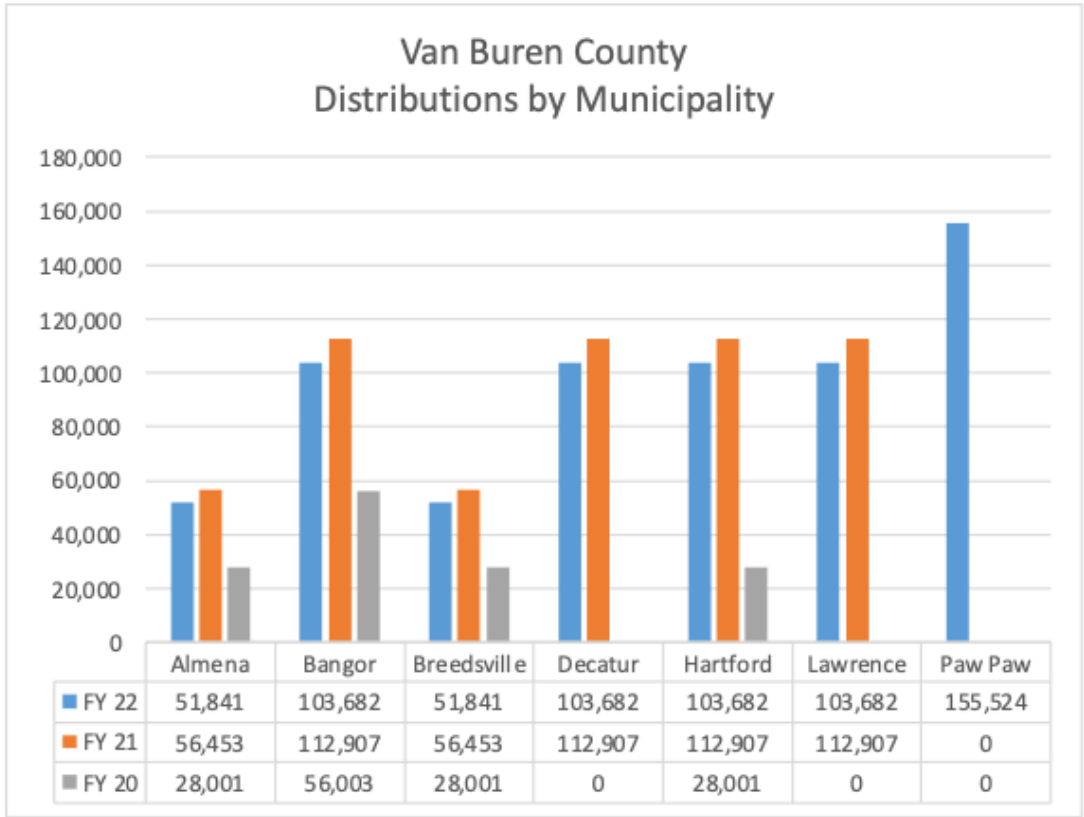
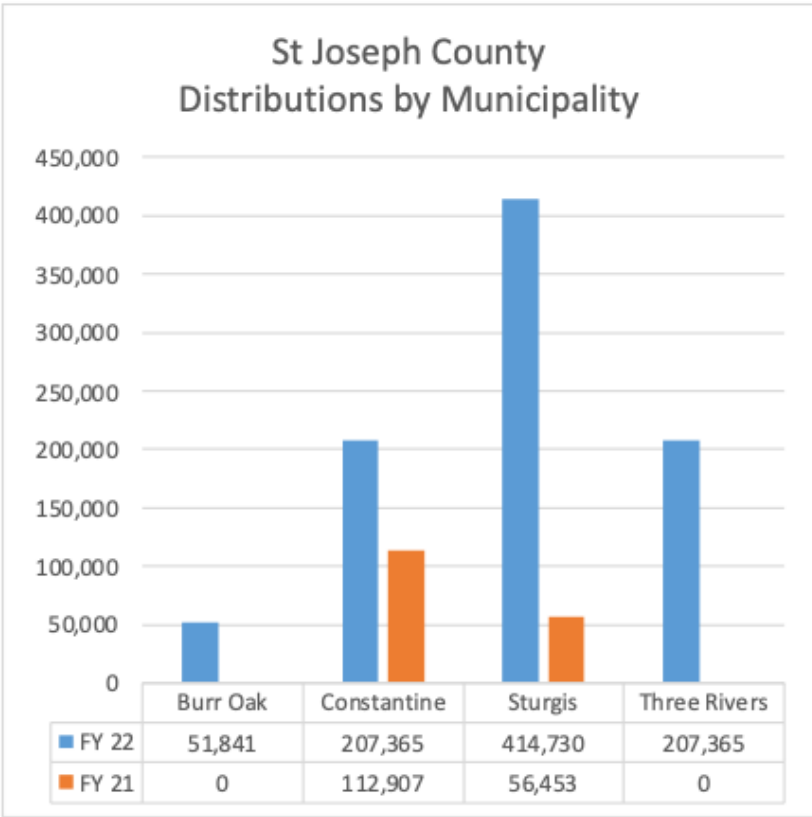
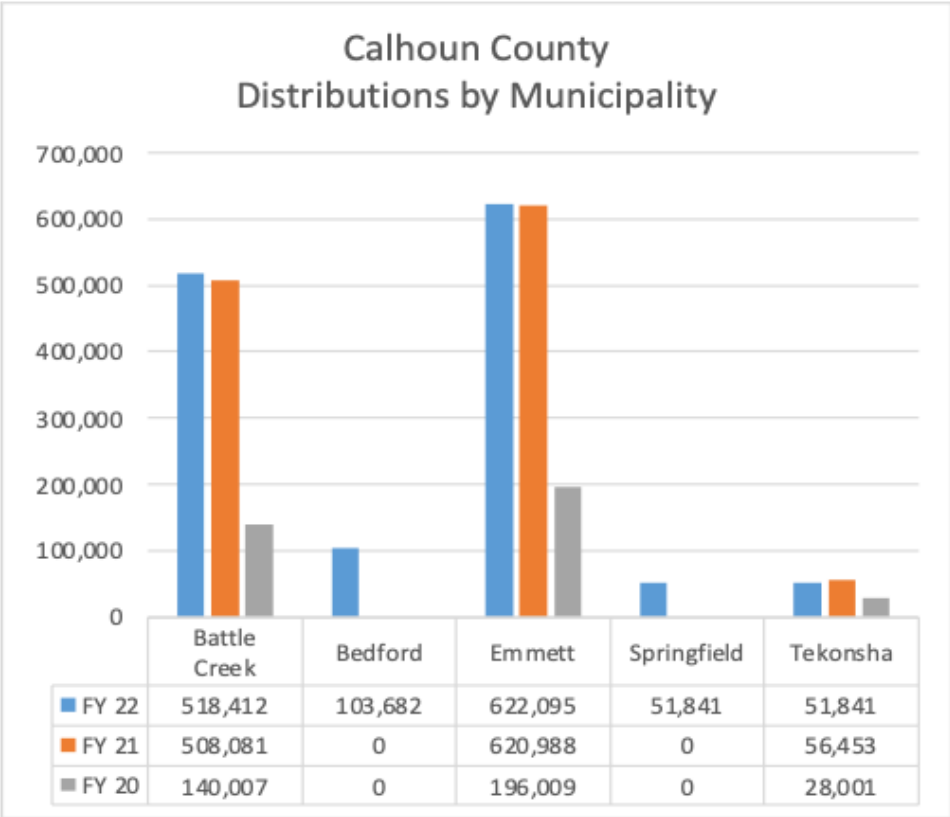
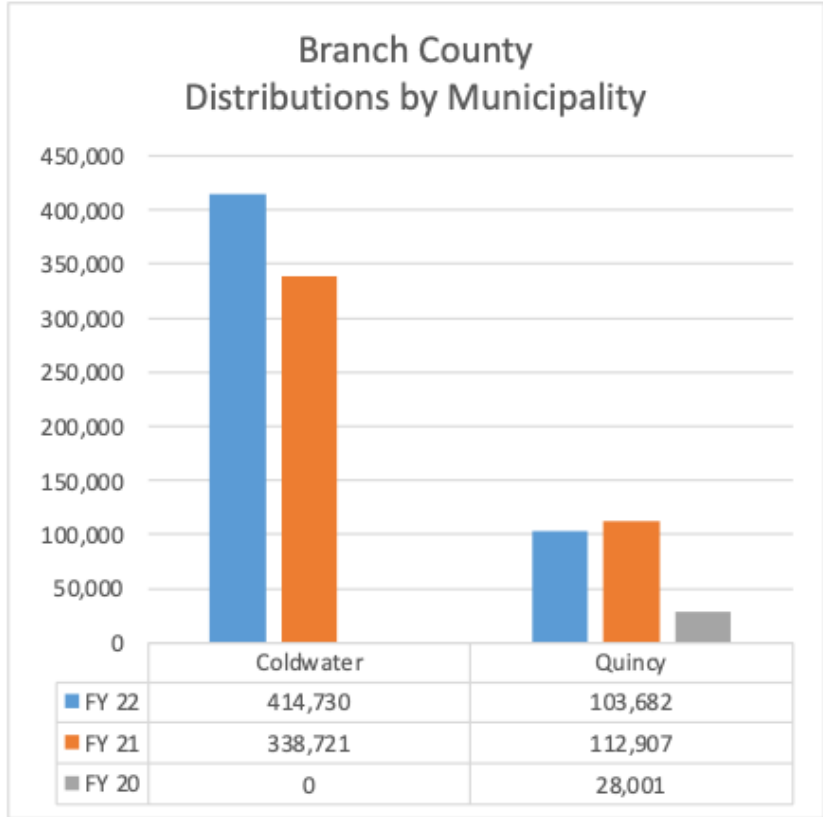
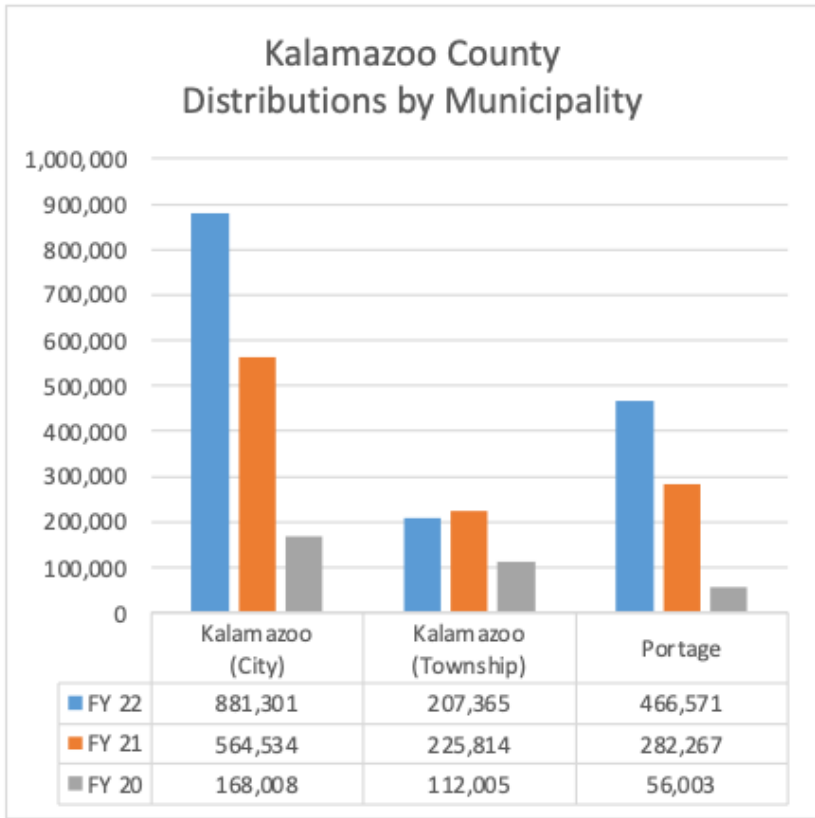
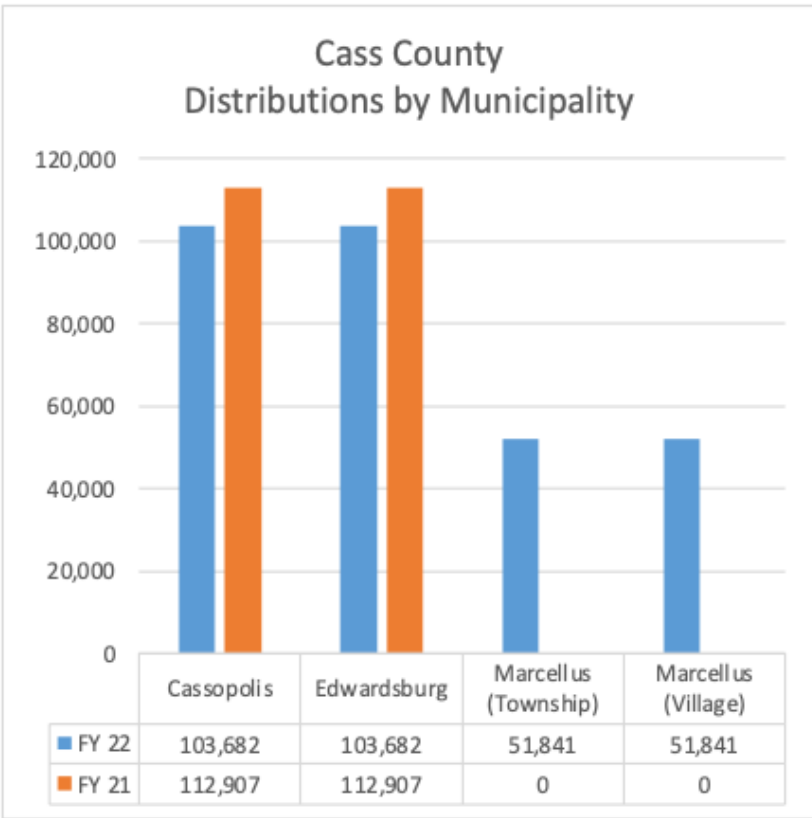
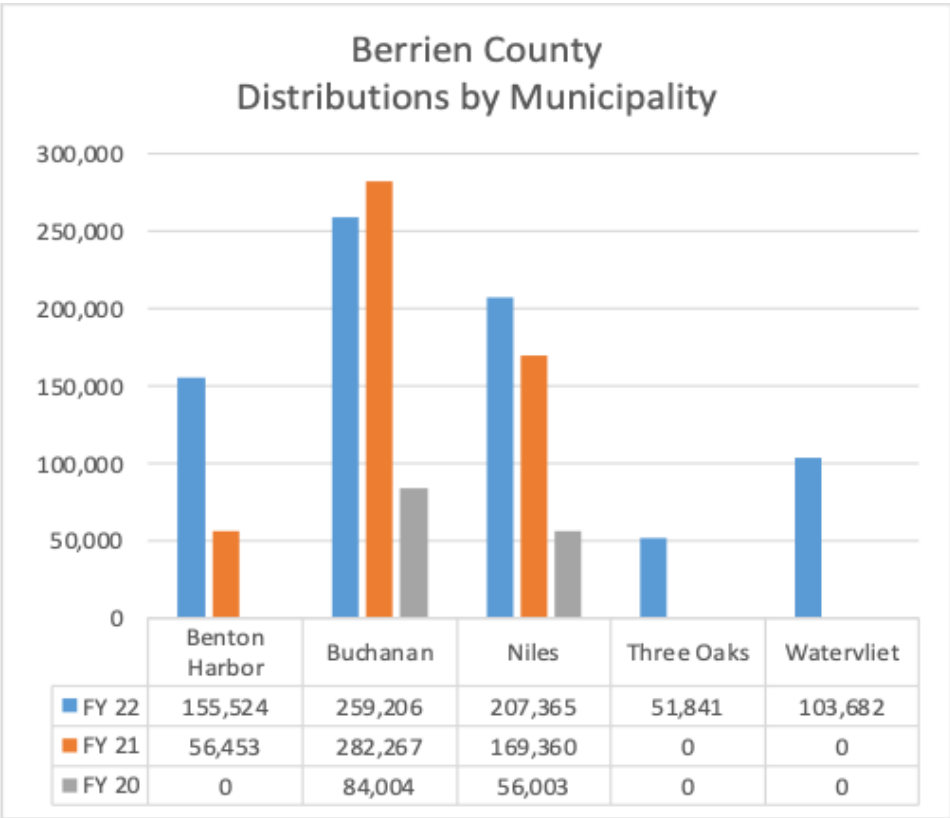
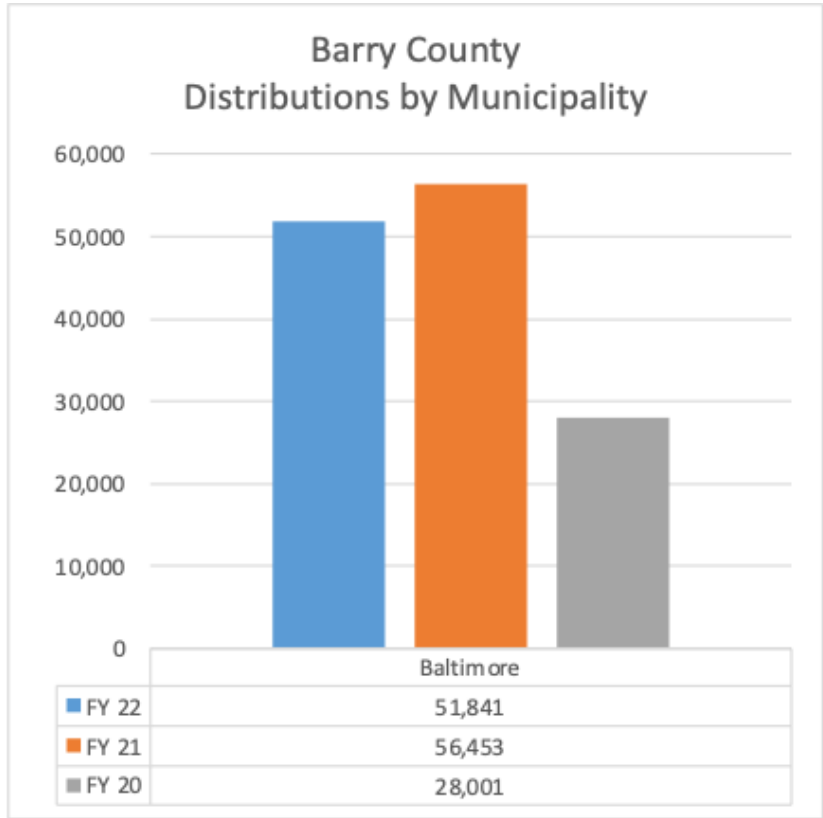


REGION 4: DISTRIBUTIONS BY MUNICIPALITY

Total MRF distributions received from FY 2020 to FY 2022[11][12][13]:

- Barry County and its municipalities: \$272,592
- Berrien County and its municipalities: \$2,851,411
- Branch County and its municipalities: \$1,996,082
- Calhoun County and its municipalities: \$5,794,822
- Cass County and its municipalities: \$1,073,722
- Kalamazoo County and its municipalities: \$5,927,735
- St Joseph County and its municipalities: \$2,101,322
- Van Buren County and its municipalities: \$2,756,953





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SOUTHWEST MICHIGAN BEHAVIORAL HEALTH OPERATING AGREEMENT

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PURPOSE

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

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

The primary purposes of this Operating Agreement are to:

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

PREAMBLE

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

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

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

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

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

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

SWMBH was formed for the purpose of:

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

OPERATIONAL STRUCTURE

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

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

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

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

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

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

ORGANIZATION

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

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

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

SCOPE AND AUTHORITY

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

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

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

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

SWMBH BOARD COMMITTEES AND OVERSIGHT BOARDS

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

- Operations Committee;

Operations Committee

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

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

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

Operations Committee Responsibilities and Authorities

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

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

related activities.

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

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

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

OPERATIONAL COMMITTEES AND POLICY BOARD COMMITTEES

SWMBH POLICY BOARDS AND COMMITTEES

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

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

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

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

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

SWMBH Standing Committees

Standing Operating Committees of SWMBH are:

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

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

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

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

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

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

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

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

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

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

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

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

Responsibilities of SWMBH and Participants Regarding the Participants and Committees

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

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

DISPUTE RESOLUTION PROCESS

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

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

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

mutually agreed upon timeframe to provide a written decision.

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

OPERATION OF SWMBH

A. Budget

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

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

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

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

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

Purchase of Services (POS)

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

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

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

The SWMBH CFO and Finance Committee will establish a financial management system sufficient to monitor revenues and expenditures by funding source (Medicaid, HMP, General Fund, etc.) and the Participants. SWMBH shall maintain accounts and source records in which any and all revenues received and expenses incurred are ascertainable and verifiable and include date of receipt /payment and sources of funds. The SWMBH CFO has the responsibilities set forth in MCL § 330.1204b and will be responsible for receiving, depositing, investing, and disbursing SWMBH's funds in the manner authorized by SWMBH Bylaws, Board policy, and operational policy.

B. Planning

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

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

C. Compliance

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

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

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

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

D. Human Resources

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

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

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

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

E. Policy Development

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

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

F. Contracts

SWMBH shall contract with the Participants as its CMHSP providers.

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

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

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

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

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

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

composition, and authority of the Participants' Board;

- the Participants' autonomous administrative, financial, or clinical operations; or
 - the Participants' relationship with other providers unless the Regional Entity's involvement is so limited that it does not prevent the Participant from collaborating with other providers."
- (SWMBH Bylaws 2.4)

AMENDMENTS

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



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

ELIZABETH HERTEL
DIRECTOR

August 14, 2023

Mr. Bradley Casemore, Executive Officer
Southwest Michigan Behavioral Health
5250 Lovers Lane, Suite 200
Portage, MI 49002

Dear Mr. Casemore,

Thank you for the cooperation extended to the Behavioral and Physical Health and Aging Services Administration staff during the July 31, 2023, State Opioid Response (SOR) virtual site visit.

PRESENT AT THE SITE VISIT

**Southwest Michigan
Behavioral Health:**

Joel Smith, Director of SUD Treatment and Prevention
Cathy Hart, Grant Coordinator
Tiffany Jackson, Financial Analyst

**Behavioral and Physical
Health and Aging
Services Administration:**

Angie Smith-Butterwick, Substance Use, Gambling & Epidemiology Manager
Logan O'Neil, Project Director – SOR 3
Daryn Papenfuse, Project Coordinator – SOR 3
Choua Gonzalez-Medina, State Opioid Coordinator – SOR 3
Foua Hang, Project Assistant – SOR 3
Danyle Stacks, Opioid Care Liaison – SOR 3

The purpose of the Grant Year One Site Visit was to verify that Southwest Michigan Behavioral Health's State Opioid Response (SOR) grant activities and services for opioid use disorder (OUD) are following federal and state requirements to support prevention, treatment, and recovery activities.

SOR REQUIREMENTS

Prepaid Inpatient Health Plans (PIHP) must utilize funds within programs for individuals with opioid use disorders to fulfill federal and state funding requirements. SOR funds are distributed to increase the availability of prevention, treatment and recovery services designed for individuals with an OUD.

SITE VISIT FINDINGS

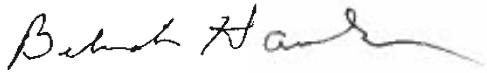
After careful consideration and review of the requirements and documentation submitted, we have determined that Southwest Michigan Behavioral Health is in substantial compliance with the Substance Abuse and Mental Health Services Administration's Funding Opportunity Announcements and the Michigan Department of Health and Human Services Contract. One correction was indicated to Southwest Michigan Behavioral Health at the time of the site visit. Southwest Michigan Behavioral Health followed up with documentation to satisfy the correction.

Currently, Southwest Michigan Behavioral Health has all the necessary tools in place to manage, maintain and report on the SOR activities and data from their provider network. Their providers will screen individuals to assess their needs and provide or make referrals for interventions as needed for individuals with an OUD.

We greatly appreciate Southwest Michigan Behavioral Health's preparation for the site visit and their commitment to provide our staff with the necessary documentation.

If you have any further questions, please contact Daryn Papenfuse, at PapenfuseD@michigan.gov.

Sincerely,



Belinda Hawks, MPA
Director
Division of Adult Home and Community Based Services
Behavioral and Physical Health and Aging Services Administration

BH/ds

Enclosure (if applicable)

c: Angie Smith-Butterwick
Logan O'Neil
Daryn Papenfuse
Joel Smith