

**COMMUNITY MENTAL HEALTH PARTNERSHIP OF SOUTHEAST MICHIGAN  
BOARD MEETING**

Patrick Barrie Room

3005 Boardwalk Dr., Ste. 200, Ann Arbor, MI

Wednesday, April 12, 2023

6:00 PM

**Dial-in Number Options:**

1-312-626-6799, 1-646 876-9923, or  
1-346-248-7799

**Meeting ID: 443 799 086**

**Join by Computer:**

<https://zoom.us/j/443799086>

Please wait to be admitted from the Zoom  
waiting room at 6:00 pm.

Agenda

	<u>Guide</u>
I. Call to Order	1 min
II. Roll Call	2 min
III. Consideration to Adopt the Agenda as Presented	2 min
IV. Consideration to Approve the Minutes of the 2-8-2023 Meeting and Waive the Reading Thereof {Att. #1}	2 min
V. Audience Participation (3 minutes per participant)	
VI. Old Business	20 min
a. Board Information: March Finance Report – FY2023 February {Att. #2}	
b. CEO Performance Review Committee Update	
VII. New Business	50 min
a. Board Action: FY2023 Q1 QAPIP Status Report {Att. #3,3a}	
b. Board Action: SIS Assessor Transition / SIS Quality Lead Elimination {Att. #4,4a}	
c. Board Action: Contracts {Att. #5}	
d. Board Information: CEO Contract Authority Update {Att. #6}	
e. Board Information: Annual Board Governance Review	
i. Board Governance Manual {Att. #7}	
ii. CMHPSM Bylaws {Att. #8}	
iii. CMHPSM CEO Authority – Employee Position Control and Compensation {Att. #9}	
iv. CMHPSM CEO General Scope of Authority {Att. #10}	
v. Conflict of Interest Policy {Att. #11}	
vi. Financial Stability & Risk Reserve Management {Att. #12}	
vii. Investing {Att. #13}	
viii. Procurement {Att. #14}	

**CMHPSM Mission Statement**

*Through effective partnerships, the CMHPSM shall ensure and support the provision of quality integrated care that focuses on improving the health and wellness of people living in our region.*

- VIII. Reports to the CMHPSM Board 20 min
  - a. Board Information: FY2023 Q1-Q2 Strategic Metrics Report {Att. #15}
  - b. Board Information: CEO Report to the Board {Att. #16}
  - c. Update on CMHPSM Finance Department Incident
  - d. Lakeshore PIHP Deficit Lawsuit Update
  
- IX. Closed Session with CMHPSM Attorneys on Lawsuit 20 min
  
- X. Adjournment

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**COMMUNITY MENTAL HEALTH PARTNERSHIP OF SOUTHEAST MICHIGAN  
REGULAR BOARD MEETING MINUTES  
February 8, 2023**

**Members Present:** Judy Ackley, Roxanne Garber, Bob King, Sandra Libstorff, Molly Welch Marahar, Randy Richardville (remote), Alfreda Rooks, Mary Serio, Holly Terrill, Ralph Tillotson

**Members Absent:** Patrick Bridge, Katie Scott

**Staff Present** Kathryn Szewczuk, Stephannie Weary, James Colaianne, Matt Berg, Nicole Adelman, Connie Conklin, Stacy Pijanowski, CJ Witherow, Michelle Sucharski, Lisa Graham

**Guests Present:**

- I. Call to Order  
Meeting called to order at 6:00 p.m. by Board Chair B. King.
- II. Roll Call
  - Quorum confirmed.
- III. Consideration to Adopt the Agenda as Presented  
**Motion by R. Tillotson, supported by M. Serio, to approve the agenda**  
**Motion carried**
- IV. Consideration to Approve the Minutes of the 12-14-2022 Meeting and Waive the Reading Thereof  
**Motion by J. Ackley, supported by A. Rooks, to approve the minutes of the 12-14-2022 meeting and waive the reading thereof**  
**Motion carried**
- V. Audience Participation  
None
- VI. Old Business
  - a. Board Information: November Finance Report – FY2023 as of December 31<sup>st</sup>
    - M. Berg presented.
- VII. New Business
  - a. Board Action: FY2022 QAPIP Board Action
    - C. Witherow and J. Colaianne shared highlights of the QAPIP evaluation.
    - The Board discussed interventions that have been developed to address identified barriers.  
**Motion by M. Welch Marahar, supported by A. Rooks, to approve the Annual Summary and Evaluation of the Quality Assessment and Performance Improvement Program (QAPIP) for FY2022**  
**Motion carried**
  - b. Board Action: Contracts

**CMHPSM Mission Statement**

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**Motion by M. Serio, supported by R. Garber, to authorize the CEO to execute the contracts/amendments as presented**  
**Motion carried**

- c. Board Information: Contracts Signed with CEO Authority
  - J. Colaianne approved the purchase of a \$1,500.00 Implicit Bias DEI training, to be provided by the Michigan Department of Civil Rights.
- d. Board Chair Action: CEO Annual Review Committee
  - Committee volunteers: R. Tillotson, M. Serio and M. Welch Marahar. B. King is also available to assist as needed.
  - The committee will provide a report at the April board meeting.

VIII. Reports to the CMHPSM Board

a. CEO Report to the Board

- J. Colaianne's written report includes updates from staff, regional and state levels. Please see the report in the board packet for details.
- Felicia Brabec and Carrie Rheingans will be invited to the board meeting in April to discuss behavioral healthcare in the legislature.

b. Full FY2022 QAPIP Report

- The full report was included in the meeting packet. A summary document was also provided.

IX. Adjournment

**Motion by R. Tillotson, supported by A. Rooks, to adjourn the meeting**  
**Motion carried**

- Meeting adjourned at 6:33 p.m.

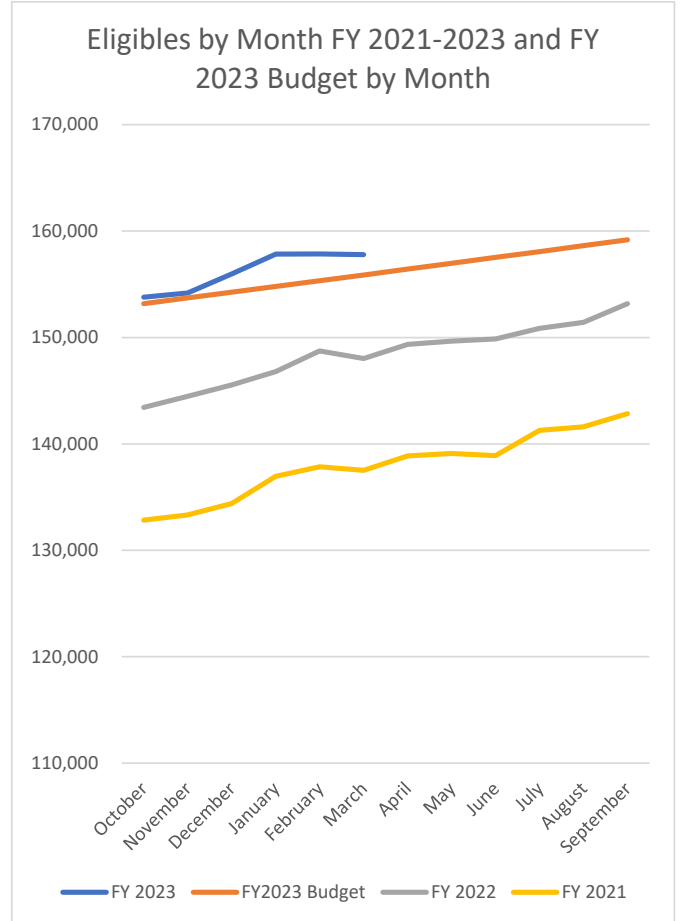
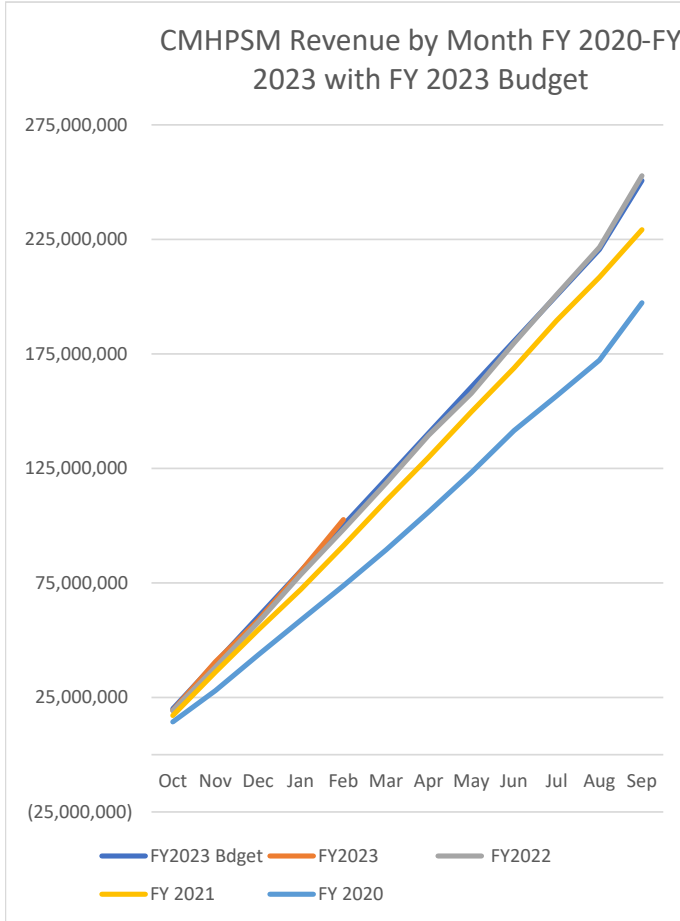
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Sandra Libstorff, CMHPSM Board Secretary

**CMHPSM Mission Statement**

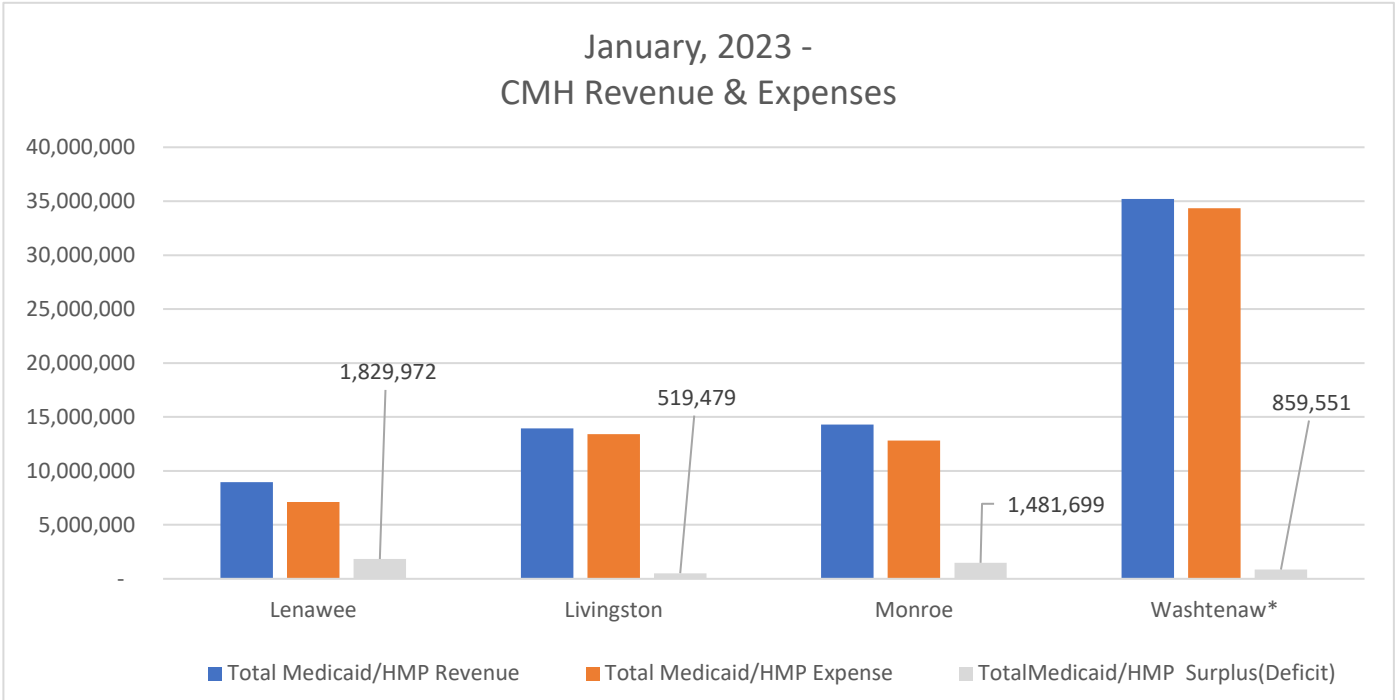
***Through effective partnerships, the CMHPSM shall ensure and support the provision of quality integrated care that focuses on improving the health and wellness of people living in our region.***

Community Mental Health Partnership of Southeast Michigan  
Financial Summary for February 28, 2023



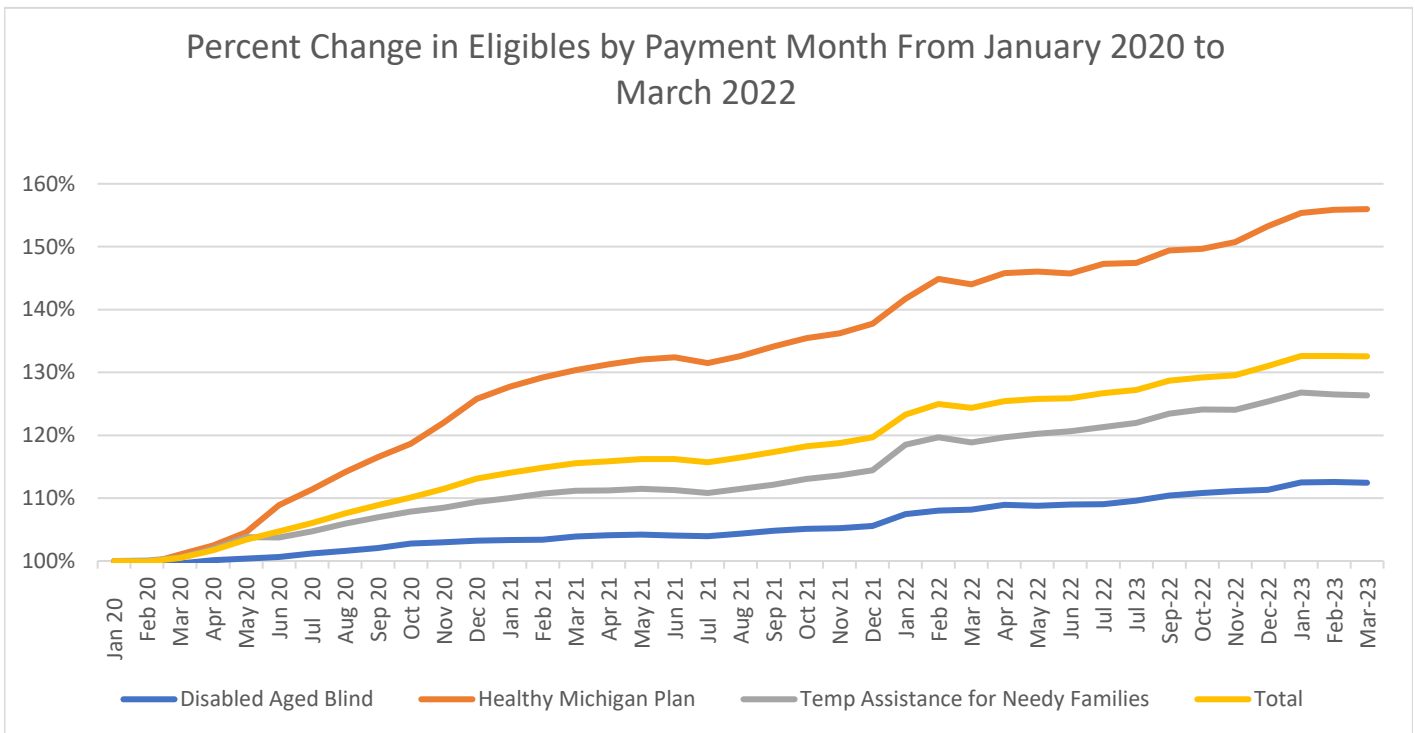
Operating Activities	Budget R1 FY 2022	YTD Budget	YTD Actual	Actual to Budget	Percent Variance	Projected Year-End	Projected to Budget
MH Medicaid Revenue	221,239,514	87,803,067	91,291,440	3,488,374	-4.0%	221,239,514	-
MH Medicaid Expenses	224,202,551	91,525,791	91,580,898	(55,107)	-0.1%	224,202,551	-
MH Medicaid Net	(2,963,037)	(3,722,724)	(289,458)	3,433,267	-92.2%	(2,963,037)	(0)
SUD/Grants Revenue	26,232,600	10,312,995	10,320,272	7,277	0.1%	26,232,600	-
SUD/Grants Expenses	22,804,150	9,763,711	8,564,967	1,198,744	-12.3%	22,804,150	-
SUD/Grants Net	3,428,450	549,284	1,755,305	1,206,021	219.6%	3,428,450	-
PIHP							
PIHP Revenue	3,219,911	1,041,132	1,052,678	11,546	1.1%	3,219,911	-
PIHP Expenses	3,197,487	1,105,481	1,070,717	(34,763)	3.1%	3,197,487	-
PIHP Total	22,424	(64,349)	(18,039)	(23,217)	-36.1%	22,424	-
<b>Total Revenue</b>	<b>250,692,025</b>	<b>99,157,194</b>	<b>102,664,390</b>	<b>3,507,197</b>	<b>3.5%</b>	<b>250,692,025</b>	<b>0</b>
<b>Total Expenses</b>	<b>250,204,188</b>	<b>102,394,983</b>	<b>101,216,583</b>	<b>1,178,400</b>	<b>1.2%</b>	<b>250,204,188</b>	<b>0</b>
<b>Total Net</b>	<b>487,837</b>	<b>(3,237,789)</b>	<b>1,447,808</b>	<b>4,685,597</b>	<b>-144.7%</b>	<b>487,837</b>	<b>(0)</b>

Regional CMH Revenue and Expenses  
Regional Charts



August	Lenawee	Livingston	Monroe	Washtenaw*	Region
Total Medicaid/HMP Revenue	8,953,622	13,930,899	14,307,243	35,219,405	72,411,169
Total Medicaid/HMP Expense	7,123,650	13,411,420	12,825,544	34,359,854	67,720,468
Total Medicaid/HMP Surplus(Deficit)	1,829,972	519,479	1,481,699	859,551	4,690,701
Surplus Percent of Revenue	20%	4%	10%	2%	6%

\* Includes CCBHC Revenue and expense



Community Mental Health Partnership of Southeast Michigan  
Preliminary Statement of Revenue and Expenses Notes  
Period Ending February 28, 2023

SUMMARY PAGE

1. Operating cash was \$14,400,557 at the end of February 2023 compared to \$7,209,445 at the end of February 2022. The February 2023 and 2022 numbers include \$15,247 invested in CDs with the Bank of Ann Arbor. These numbers do not include the \$15,031,219 held in the ISF account or any funds due back to CMHPSM from cost settlement with the CMHs. The PA2 Reserve account of \$4,963,518 is also not included.
2. The number of eligible recipients decreased slightly in March. There is a trend since 2020 of a slight bump at the beginning of the calendar year that goes down by April. We are watching to see if this continues in 2023.
3. The FY 2023 budget was approved before MDHHS announced that they would not separately track DCW. The PIHP is not receiving reports on the amount of DCW received and has been sending payments to the CMHs adjusted upwards to adjust for DCW. In future monthly reports, the budgeted amounts for DCW will be rolled into the other Medicaid and Healthy Michigan revenue and expenses. For example, the Medicaid revenue section would show as this:

MEDICAID REVENUE						
Medicaid (b) & 1115i	116,734,441	48,639,350	50,693,536	2,054,186	-4.2%	116,734,441
Medicaid Waivers	53,639,152	22,349,647	22,086,584	(263,063)	1.2%	53,639,152
Healthy Michigan Revenue	18,448,797	7,686,999	8,561,007	874,008	-11.4%	18,448,797
Medicaid Autism	16,267,125	6,777,969	6,467,085	(310,883)	4.6%	16,267,125
Prior Year Carry Forward	10,000,000	-	-	-	0.0%	10,000,000
Behavioral Health Home	650,000	270,833	228,522	(42,311)		650,000
CCBHC	2,000,000	833,333	2,009,770	1,176,436	-141.2%	2,000,000
HRA MCAID Revenue	2,000,000	692,384	692,384	-		2,000,000
HRA HMP Revenue	1,500,000	552,552	552,552	-		1,500,000
<b>Medicaid Revenue</b>	<b>221,239,514</b>	<b>87,803,067</b>	<b>91,291,440</b>	<b>3,488,374</b>	<b>-4.0%</b>	<b>221,239,514</b>

4. In prior reports, the Medicaid Carry Forward was shown equally distributed across twelve months. This revenue will not be included on the board report until September. The budget to actual chart has been adjusted to show this.
5. The CMH chart on Page 2 has changed to include the CCBHC revenue and expenses for Washtenaw CMH.

Medicaid Mental Health

1. Current Medicaid revenues less expenses show a net loss of (\$289,458) compared to a budgeted deficit of (\$3,722,724). The positive difference is due to strong Medicaid revenue.

Medicaid and Grant SUD

1. SUD Medicaid/HMP revenue is also higher than budgeted.
2. Grant activity starts the year slowly and catches up around March. Grant activity is behind budget and expected to catch up by March.

PIHP Administration

1. PIHP Administrative Revenue and Expenses are both within 5% of the budget.
2. Overall, the PIHP is showing \$ \$1,447,808 surplus compared to a budgeted deficit through February.

FY 2018 & FY 2019 DEFICIT UPDATE

1. MDHHS sent an email telling us that our prior year FSRs submitted with a negative ISF are under review.
2. The FY 2021 Financial audit lists the following amounts related to the FY 2018 and FY 2019 deficits:

Due from MDHHS – FY18 State Shared Risk	\$	7,517,412
Due from MDHHS – FY19 State Shared Risk		3,479,703
Due to Monroe CMHA from PIHP		3,545,221
Due to Washtenaw County CMH from PIHP		7,016,216
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Total Due	\$	21,558,552



**Community Mental Health Partnership of Southeast Michigan  
Preliminary Statement of Revenues and Expenditures  
For the Period Ending February 28, 2023**

	Budget FY 2023	YTD Budget	YTD Actual	Actual O(U) Budget	Percent Variance	Projected Year-End	Projected O(U) Budget
<b>MEDICAID</b>							
<b>MEDICAID REVENUE</b>							
Medicaid (b) & 1115i	109,682,931	45,701,221	50,693,536	4,992,315	-10.9%	109,682,931	-
Medicaid Waivers	50,399,000	20,999,583	22,086,584	1,087,000	-5.2%	50,399,000	-
Healthy Michigan Revenue	17,334,370	7,222,654	8,561,007	1,338,353	-18.5%	17,334,370	-
Medicaid Autism	15,284,485	6,368,535	6,467,085	98,550	-1.5%	15,284,485	-
Prior Year Carry Forward	10,000,000	-	-	-	0.0%	10,000,000	-
Behavioral Health Home	650,000	270,833	228,522	(42,311)		650,000	-
CCBHC	2,000,000	833,333	2,009,770	1,176,436	-141.2%	2,000,000	-
DCW Revenue	12,388,728	5,161,970		(5,161,970)		12,388,728	-
HRA MCAID Revenue	2,000,000	692,384	692,384	-		2,000,000	-
HRA HMP Revenue	1,500,000	552,552	552,552	-		1,500,000	-
<b>Medicaid Revenue</b>	<b>221,239,514</b>	<b>87,803,067</b>	<b>91,291,440</b>	<b>3,488,374</b>	<b>-4.0%</b>	<b>221,239,514</b>	<b>-</b>
<b>MEDICAID EXPENDITURES</b>							
IPA MCAID	2,031,950	455,556	455,556	0	0.0%	2,031,950	-
IPA HMP	223,517	50,617	50,617	(0)	0.0%	223,517	-
HRA MC	2,000,000	-	692,384	(692,384)		2,000,000	-
HRA HMP	1,500,000	-	552,552	(552,552)		1,500,000	-
<b>Lenawee CMH</b>							
Medicaid (b) & 1115i	13,455,087	5,606,286	6,482,394	(876,108)	-15.6%	13,455,087	-
Medicaid Waivers	5,815,228	2,423,012	2,359,507	63,505	2.6%	5,815,228	-
Healthy Michigan Expense	4,333,824	1,805,760	1,805,760	(0)	0.0%	4,333,824	-
Autism Medicaid	1,214,620	506,092	506,092	(0)	0.0%	1,214,620	-
DCW Expense	2,207,792	919,913		919,913	100.0%	2,207,792	-
Behavioral Health Homes	60,000	25,000	9,359	15,641		60,000	-
DHIP		-	36,535	(36,535)		-	-
<b>Lenawee CMH Total</b>	<b>27,086,551</b>	<b>11,286,063</b>	<b>11,199,647</b>	<b>86,416</b>	<b>0.8%</b>	<b>27,086,551</b>	<b>-</b>
<b>Livingston CMH</b>							
Medicaid (b) & 1115i	21,222,005	8,842,502	9,961,521	(1,119,018)	-12.7%	21,222,005	-
Medicaid Waivers	9,668,828	4,028,679	3,513,093	515,586	12.8%	9,668,828	-
Healthy Michigan Expense	3,863,619	1,609,841	1,609,841	(0)	0.0%	3,863,619	-
Autism Medicaid	5,392,295	2,246,789	2,246,789	0	0.0%	5,392,295	-
DCW Expense	2,819,928	1,174,970		1,174,970	100.0%	2,819,928	-
Behavioral Health Homes	60,000	25,000	14,663	10,337		60,000	-
DHIP		-	68,834	(68,834)		-	-
<b>Livingston CMH Total</b>	<b>43,026,675</b>	<b>17,927,781</b>	<b>17,414,741</b>	<b>513,040</b>	<b>2.9%</b>	<b>43,026,675</b>	<b>-</b>
<b>Monroe CMH</b>							
Medicaid (b) & 1115i	24,211,516	10,088,132	11,505,436	(1,417,304)	-14.0%	24,211,516	-
Medicaid Waivers	9,877,358	4,115,566	4,088,675	26,890	0.7%	9,877,358	-
Healthy Michigan	3,012,786	1,255,327	1,255,328	(0)	0.0%	3,012,786	-
Autism Medicaid	2,390,559	996,066	996,066	0	0.0%	2,390,559	-
DCW Expense	3,571,611	1,488,171		1,488,171	100.0%	3,571,611	-
Behavioral Health Homes	60,000	25,000	23,788	1,212		60,000	-
DHIP		-	6,354	(6,354)		-	-
<b>Monroe CMH Total</b>	<b>43,123,829</b>	<b>17,968,262</b>	<b>17,875,647</b>	<b>92,615</b>	<b>0.5%</b>	<b>43,123,829</b>	<b>-</b>
<b>Washtenaw CMH</b>							
Medicaid (b) & 1115i	48,979,046	20,407,936	24,083,921	(3,675,986)	-18.0%	48,979,046	-
Medicaid Waivers	31,258,737	13,024,474	11,779,750	1,244,724	9.6%	31,258,737	-
Healthy Michigan Expense	6,913,368	2,880,570	2,880,571	(1)	0.0%	6,913,368	-
Autism Medicaid	6,475,395	2,698,081	2,698,081	0	0.0%	6,475,395	-
CCBHC	1,980,000	825,000	1,735,821	(910,821)	-110.4%	1,980,000	-
DCW Expense	9,263,483	3,859,785		3,859,785	100.0%	9,263,483	-
Behavioral Health Homes	340,000	141,667	136,723	4,943	3.5%	340,000	-
DHIP		-	24,886	(24,886)		-	-
<b>Washtenaw CMH Total</b>	<b>105,210,029</b>	<b>43,837,512</b>	<b>43,339,755</b>	<b>497,758</b>	<b>1.1%</b>	<b>105,210,029</b>	<b>-</b>
<b>Medicaid Expenditures</b>	<b>224,202,551</b>	<b>91,525,791</b>	<b>91,580,898</b>	<b>(55,107)</b>	<b>-0.1%</b>	<b>224,202,551</b>	<b>-</b>
<b>Medicaid Total</b>	<b>(2,963,037)</b>	<b>(3,722,724)</b>	<b>(289,458)</b>	<b>3,433,267</b>	<b>-92.2%</b>	<b>(2,963,037)</b>	<b>-</b>

**Community Mental Health Partnership of Southeast Michigan  
Preliminary Statement of Revenues and Expenditures  
For the Period Ending February 28, 2023**

	Budget FY 2023	YTD Budget	YTD Actual	Actual O(U) Budget	Percent Variance	Projected Year-End	Projected O(U) Budget
<b>SUD/GRANTS</b>							
<b>SUD/GRANTS REVENUE</b>							
Healthy Michigan Plan SUD	9,742,339	4,059,308	4,475,517	416,209	10.3%	9,742,339	-
Medicaid SUD	3,271,563	1,363,151	1,685,502	322,351	23.6%	3,271,563	-
SUD DCW	803,971	334,988		(334,988)	-100.0%	803,971	-
PA2 - Tax Revenue (Est)	1,800,000	239,621	239,621	0	0.0%	1,800,000	-
PA2 - Use of Reserve (Est)	890,159	264,024	386,458	122,434	31.7%	890,159	-
Federal/State Grants	9,249,568	3,853,987	3,112,563	(741,423)	-19.2%	9,249,568	-
Opioid Health Homes	475,000	197,917	420,610	222,693	52.9%	475,000	-
<b>SUD/Grants REVENUE</b>	<b>26,232,600</b>	<b>10,312,995</b>	<b>10,320,272</b>	<b>7,277</b>	<b>0.1%</b>	<b>26,232,600</b>	<b>-</b>
				0			
				0			
<b>SUD/GRANTS EXPENDITURES</b>							
<b>SUD Administration</b>							
Salaries & Fringes	1,244,808	518,670	398,067	(120,603)	-23.3%	1,244,808	-
Contracts	309,168	128,820	114,056	(14,764)	-11.5%	309,168	-
Board Expense	1,000	417	222	(195)	-46.8%	1,000	-
Other Expenses	182,175	89,906	71,761	(18,145)	-20.2%	182,175	-
<b>SUD Administration</b>	<b>1,737,151</b>	<b>737,813</b>	<b>584,106</b>	<b>(153,707)</b>	<b>-20.8%</b>	<b>1,737,151</b>	<b>-</b>
<b>Lenawee SUD Services</b>	<b>2,141,943</b>	<b>892,476</b>	<b>881,782</b>	<b>(10,694)</b>	<b>-1.2%</b>	<b>2,141,943</b>	<b>-</b>
<b>Livingston SUD Services</b>	<b>2,566,539</b>	<b>1,069,391</b>	<b>960,372</b>	<b>(109,019)</b>	<b>-10.2%</b>	<b>2,566,539</b>	<b>-</b>
<b>Monroe SUD Services</b>	<b>2,952,548</b>	<b>1,230,228</b>	<b>1,162,647</b>	<b>(67,581)</b>	<b>-5.5%</b>	<b>2,952,548</b>	<b>-</b>
<b>Washtenaw SUD Services</b>	<b>6,560,499</b>	<b>2,733,541</b>	<b>2,836,459</b>	<b>102,918</b>	<b>3.8%</b>	<b>6,560,499</b>	<b>-</b>
<b>Opioid Health Homes</b>	<b>380,000</b>	<b>403,982</b>	<b>218,395</b>	<b>(185,587)</b>	<b>-45.9%</b>	<b>380,000</b>	<b>-</b>
<b>Veteran Navigation</b>	<b>200,000</b>	<b>83,333</b>	<b>63,738</b>	<b>(19,595)</b>	<b>-23.5%</b>	<b>200,000</b>	<b>-</b>
<b>COVID Grants</b>	<b>2,160,575</b>	<b>900,240</b>	<b>733,185</b>	<b>(167,055)</b>	<b>-18.6%</b>	<b>2,160,575</b>	<b>-</b>
<b>SOR</b>	<b>3,201,294</b>	<b>1,333,873</b>	<b>892,279</b>	<b>(441,594)</b>	<b>-33.1%</b>	<b>3,201,294</b>	<b>-</b>
<b>Gambling Prevention Grant</b>	<b>200,000</b>	<b>83,333</b>	<b>16,541</b>	<b>(66,792)</b>	<b>-80.2%</b>	<b>200,000</b>	<b>-</b>
<b>Tobacco</b>	<b>4,000</b>	<b>4,000</b>	<b>-</b>	<b>(4,000)</b>	<b>-</b>	<b>4,000</b>	<b>-</b>
<b>Women's Specialty Services</b>	<b>699,601</b>	<b>291,500</b>	<b>215,462</b>	<b>(76,039)</b>	<b>-26.1%</b>	<b>699,601</b>	<b>-</b>
<b>SUD/Grants Expenditures</b>	<b>22,804,150</b>	<b>9,763,711</b>	<b>8,564,967</b>	<b>1,198,744</b>	<b>-12.3%</b>	<b>22,804,150</b>	<b>-</b>
<b>SUD/Grants Total</b>	<b>3,428,450</b>	<b>549,284</b>	<b>1,755,305</b>	<b>1,206,021</b>	<b>219.6%</b>	<b>3,428,450</b>	<b>0</b>
<b>PIHP</b>							
<b>PIHP REVENUE</b>							
Incentives (Est)	2,002,943	834,560	845,723	11,164	1.3%	2,002,943	-
Local Match	940,504	155,465	155,465	-		940,504	-
Other Income	276,464	51,107	51,490	383	0.7%	276,464	-
<b>PIHP Revenue</b>	<b>3,219,911</b>	<b>1,041,132</b>	<b>1,052,678</b>	<b>11,546</b>	<b>1.1%</b>	<b>3,219,911</b>	<b>-</b>
<b>PIHP EXPENDITURES</b>							
<b>PIHP Admin</b>							
Local Match	940,504	155,465	155,465	-	0.0%	940,504	-
Salaries & Fringes	1,465,246	610,519	506,115	(104,405)	-17.1%	1,465,246	-
Contracts	520,386	216,827	250,932	34,104	15.7%	520,386	-
Other Expenses	269,351	121,836	157,219	35,384	29.0%	269,351	-
<b>PIHP Admin</b>	<b>3,195,487</b>	<b>1,104,647</b>	<b>1,069,730</b>	<b>(34,917)</b>	<b>3.2%</b>	<b>3,195,487</b>	<b>-</b>
Board Expense	2,000	833	987	154	18.4%	2,000	-
<b>PIHP Expenditures</b>	<b>3,197,487</b>	<b>1,105,481</b>	<b>1,070,717</b>	<b>(34,763)</b>	<b>3.1%</b>	<b>3,197,487</b>	<b>-</b>
<b>PIHP Total</b>	<b>22,424</b>	<b>(64,349)</b>	<b>(18,039)</b>	<b>46,310</b>	<b>-72.0%</b>	<b>22,424</b>	<b>-</b>
<b>Organization Total</b>	<b>487,837</b>	<b>(3,237,789)</b>	<b>1,447,808</b>	<b>4,685,597</b>	<b>-144.7%</b>	<b>487,837</b>	<b>0</b>
Totals							
Revenue	250,692,025	99,157,194	102,664,390	3,507,197	-3.5%	250,692,025	-
Expenses	250,204,188	102,394,983	101,216,583	1,178,400	-1.2%	250,204,188	-
Net	487,837	(3,237,789)	1,447,808	4,685,597	-144.7%	487,837	-

## FY2023 QAPIP Measures of Performance Q1 Status Report

Michigan Mission Based Performance Indicator System	FY2023 Q1 Status Report:	Full QAPIP Source:
CMHPSM will meet or exceed the standard for Indicator 1: Percentage of Children who receive a Prescreen within 3 hours of request (Standard is 95% or above)	State goal 95% Q1 Performance: Children - 100%	Pages 23-24
CMHPSM will meet or exceed the standard for Indicator 1: Percentage of Adults who receive a Prescreen within 3 hours of request (Standard is 95% or above)	State goal 95% Q1 Performance: Adults - 99.56%	Pages 23-24
CMHPSM will meet or exceed the standard for Indicator 2. A The percentage of new persons during the quarter receiving a completed bio psychosocial assessment within 14 calendar days of a non-emergency request for service (by four sub-populations: MI-adults, MI-children, IDD-adults, IDD-children. (No Standard)	Baseline year continued in FY2023 with no state goal to date. Q1 Performance: Children with MH Dx – 61% Adult with MH Dx - 56% Children with DD Dx - 65% Adults with DD Dx - 60%	Pages 23-24
CMHPSM will meet or exceed the standard for Indicator 2 b. The percentage of new persons during the quarter receiving a face-to-face service for treatment or supports within 14 calendar days of a non-emergency request for service for persons with substance use disorders. (No Standard)	Baseline year continued in FY2023 with no state goal to date. Q1 Performance: Persons with SUD Dx - 62%	Pages 23-24
CMHPSM will meet or exceed the standard for Indicator 3 Percentage of new persons during the quarter starting any needed on-going service within 14 days of completing a non-emergent biopsychosocial assessment (by four sub-populations: MI-adults, MI-children, IDD-adults, and IDD-children). (No Standard)	Baseline year continued in FY2023 with no state goal to date. Q1 Performance: Children with MH Dx – 72% Adult with MH Dx - 73% Children with DD Dx - 84% Adults with DD Dx - 89%	Pages 23-24
CMHPSM will meet or exceed the standard for Indicator 4a1: Follow-Up within 7 Days of Discharge from a Psychiatric Unit (Standard is 95% or above) (Child)	State goal 95% Q1 Performance: Children – 94.44%	Pages 23-24

Michigan Mission Based Performance Indicator System	FY2023 Q1 Status Report:	Full QAPIP Source:
CMHPSM will meet or exceed the standard for Indicator 4a2: Follow-Up within 7 Days of Discharge from a Psychiatric Unit (Standard is 95% or above) (Adult)	State goal 95% Q1 Performance: Adults - 94.92%	Pages 23-24
CMHPSM will meet or exceed the standard for Indicator 4b: Follow-Up within 7 Days of Discharge from a Detox Unit (Standard is 95% or above)	State goal 95% Q1 Performance: 95.73%	Pages 23-24
CMHPSM will meet or exceed the standard for Indicator 10: Re-admission to Psychiatric Unit within 30 Days (Standard is 15% or less) (Child)	State goal 15% Q1 Performance: Children – 6.35%	Pages 23-24
CMHPSM will meet or exceed the standard for Indicator 10: Re-admission to Psychiatric Unit within 30 Days (Standard is 15% or less) (Adult)	State goal 15% Q1 Performance: Adults - 14.02%	Pages 23-24
CMHPSM will demonstrate and increase in compliance with access standards for the SUD priority populations. (Baseline)	Data is being tracked monthly System fixes were identified in FY23Q1 Q1 and Q2 data to be reported at FY23 Q2 status report	Pages 36, 45, 46, 57, 61

BH TEDS Data	FY2023 Q1 Status Report:	Full QAPIP Source:
<p>Increase identification of veterans (military fields) to support increase in utilization of Veterans Navigation services.</p> <p>Maintain overall BHTEDS completion rates to state 95% standard during FY2023. Improve crisis encounter BHTEDs completion to 95% during FY2023.</p>	<p>State Goal 95% compliance for crisis and non-crisis encounters</p> <p>As of latest state report on 2/20/23: 96.78%</p>	Pages 46, 57, 60

Performance Improvement Projects	FY2023 Q1 Status Report:	Full QAPIP Source:		
<p>PIP 1: The racial disparities of no-shows for the initial Biopsychosocial Assessment (BPS) in individuals accessing CMH services will be reduced or eliminated. (FY22 Baseline)</p>	<p>FY2022 CMHPSM received a score of 100% on the PIP after resubmission. No FY23 report due to date Barriers were identified, and interventions initiated on 1/1/2023. Data analysis is not due to the federal auditors until June/July 2023. Data to date shows a slight increase in disparity of no show rates for the region. Data and compliance with application of interventions is being monitored monthly</p>	<p>Pages 26-27</p>		
<p>PIP 2: Overall increase in performance in new persons receiving a completed bio-psycho-social initial assessment within 14 calendar days of a non-emergency request for service.</p>	<table border="1"> <tr> <td data-bbox="873 683 1255 919"> <p>FY23 Q1 Performance: Children with MH Dx – 61% Adult with MH Dx - 56% Children with DD Dx - 65% Adults with DD Dx - 60%</p> </td> <td data-bbox="1264 683 1646 919"> <p>FY22 Overall Annual Performance: Child SED - 65% Adult MI- 57% Child IDD- 73% Adult IDD- 65%</p> </td> </tr> </table>	<p>FY23 Q1 Performance: Children with MH Dx – 61% Adult with MH Dx - 56% Children with DD Dx - 65% Adults with DD Dx - 60%</p>	<p>FY22 Overall Annual Performance: Child SED - 65% Adult MI- 57% Child IDD- 73% Adult IDD- 65%</p>	<p>Pages 26-27</p>
<p>FY23 Q1 Performance: Children with MH Dx – 61% Adult with MH Dx - 56% Children with DD Dx - 65% Adults with DD Dx - 60%</p>	<p>FY22 Overall Annual Performance: Child SED - 65% Adult MI- 57% Child IDD- 73% Adult IDD- 65%</p>			

Assessment of Member Experiences	FY2023 Q1 Status Report:	Full QAPIP Source:
<p>Percentage of children and/or families indicating satisfaction with mental health services. (Standard 85%/) Percentage of adults indicating satisfaction with mental health services. (Standard 85%) Percentage of individuals indicating satisfaction with long-term supports and services. (Standard 85%)</p>	<p>FY2023 survey has been developed, with plans for completion by July 2023</p>	<p>Pages 34-35</p>
<p>Percentage of consumers indicating satisfaction with SUD services. (Standard 85%/ 4 Likert score) <b>State no longer requires RSA.</b></p>	<p>The Regional Co-Occurring Workgroup assessing alternate survey to potentially replace RSA in FY2023</p>	<p>Page 36</p>

<b>Member Appeals and Grievance Performance Summary</b>	<b>FY2023 Q1 Status Report:</b>	<b>Full QAPIP Source:</b>
The percentage (rate per 100) of Medicaid appeals which are resolved in compliance with state and federal timeliness and documentation standards including the written disposition letter (30 calendar days) of a standard request for appeal. (Standard 95%)	New FY23 Appeals analysis report completed 100% compliance with timeliness Case monitoring of documentation to be completed for Q1 and Q2 by 6/30/23	Pages 11,16,32,34
The percentage (rate per 100) of Medicaid grievances are resolved with a compliant written disposition sent to the consumer within 90 calendar days of the request for a grievance. (Standard 95%)	New FY23 Grievance analysis report completed 100% compliance with timeliness Case monitoring of documentation to be completed for Q1 and Q2 by 6/30/23	Pages 11,15,32,34

<b>Adverse Event Monitoring and Reporting</b>	<b>FY2023 Q1 Status Report:</b>	<b>Full QAPIP Source:</b>
The rate of critical incidents per 1000 persons served will demonstrate a decrease from previous year. (CMHSP) (excluding deaths)	FY22 compiled Critical Events data analysis completed State moved to new reporting system for FY23 Monitoring of reporting compliance initiated for FY23Q1 FY23 Q1 Critical Events data analysis completed  <u>FY23 Baseline Data for Q1:</u> 92.2% compliance reporting 100% timeliness compliance 15.8% (6 of 38) reported events had errors – 50% of the errors (3) related to state database issues (not a CMHPSM reporting issue) 50% of the errors (3) related to no Medicaid ID for SUD events Actual 7.8% error rate - all SUD residential cases	Pages 26-29
The rate, per 1000 persons served, of Non-Suicide Death will demonstrate a decrease from previous year. (CMHSP)(Natural Cause, Accidental, Homicidal) Ensure compliance with timely and accurate reporting of critical and sentinel events (100%) 100% CEs reporting 100% timely reporting	FY22 and FY23 data is not comparable due to reporting changes FY23 Q1: Rate of suicide was 0.33 per 1000 members served. Rate of non-suicide deaths was 3.82 deaths per 1000 members served. 92.2% compliance reporting 100% timeliness reporting	Pages 26-29

Adverse Event Monitoring and Reporting	FY2023 Q1 Status Report:	Full QAPIP Source:
<p>Quarterly report and analysis of type, trends over time (including mortality), events per 1,000, regional trends over time starting with 2022, analysis of trends by service, engagement in treatment, precipitating events. Analysis of CE trends for potential PI projects</p>	<p>FY22 Analysis completed 11/18/22 FY23 Q1 Analysis completed 3/29/23 – potential trends and improvements to be presented at April 2023 CPT Committee for review/approval.</p>	<p>Pages 26-29</p>
<p>The rate, per 1000 persons served, of Sentinel Events will demonstrate a decrease from the previous year.</p>	<p>No SE occurrences during FY23 Q1</p>	<p>Pages 26-29</p>
<p>Individuals involved in the review of sentinel events must have the appropriate credentials to review the scope of care. 100% reported to PIHP and state 100% timeframes met 3day review of critical events (CEs) that are sentinel events (SEs) 100% RCA completion</p>	<p>No SE occurrences during FY23 Q1</p>	<p>Pages 26-29</p>

Joint Metrics	FY2023 Q1 Status Report:	Full QAPIP Source:
<p>Collaboration meeting completed between entities for the ongoing coordination and integration of services. (100%)</p>	<p>Q1 Performance: 100% CMHPSM, the MHPs, and the CMHSPs completing meeting, identifying those with high risk or high utilization of services to include in reviews, and reviewing potential interventions to better serve and stabilize those consumers.</p>	<p>Pages 24-25</p>
<p>The percentage of discharges for adults (18 years or older) who were hospitalized for treatment of selected mental illness and who had a follow-up visit with a mental health practitioner within 30 days after discharge. FUH Report, Follow-Up After Hospitalization Mental Illness Adult (Standard-58%) Measurement period will be calendar year 2021.</p>	<p>Q1 PIHP Overall Specific Performance (MMBPIS Indicator #4): 94.98% (inpatient psychiatric specific follow up within 7 days)  Overall PIHP FUH rate: 64% (all follow up) PIHP/MHP shared rate: 67%</p>	<p>Pages 24-25</p>



Joint Metrics	FY2023 Q1 Status Report:	Full QAPIP Source:																																
<p>The percentage of discharges for children (ages 6-17 years) who were hospitalized for treatment of selected mental illness and who had a follow-up visit with a mental health practitioner within 30 days after discharge. FUH Report, Follow-Up After Hospitalization Mental Illness Adult (Standard-70%) Measurement period will be calendar year 2021.</p>	<p>Overall PIHP FUH rate: 87% (all follow up) PIHP/MHP shared rate: 86%</p>	<p>Pages 24-25</p>																																
<p>Racial/ethnic group disparities will be reduced. CMHPSM will obtain/maintain no statistical significance in the rate of racial/ethnic disparities for follow-up care within 30 days following a psychiatric hospitalization (adults and children). (Disparities will be calculated using the scoring methodology developed by MDHHS to detect statistically significant differences) Measurement period will be a comparison of calendar year 2020 with calendar year 2021.</p>	<p>Most recent state data from 9/30/22 show no change in disparity</p>	<p>Pages 24-25</p>																																
<p>Follow up After (FUA) Emergency Department Visit for Alcohol and Other Drug Dependence Beneficiaries 13 years and older with an Emergency Department (ED) visit for alcohol and other drug dependence that had a follow-up visit within 30 days. (Standard 27%) Measurement period will be calendar year 2021.</p>	<p><b>Most recent state data from 9/30/22</b></p> <table border="1" data-bbox="873 898 1646 1179"> <tr> <td>CMHPSM: 26%</td> <td colspan="3">MHPs:</td> </tr> <tr> <td>Denominator 1063</td> <td>Den</td> <td>Num</td> <td>%</td> </tr> <tr> <td>Numerator: 274</td> <td>68</td> <td>12</td> <td>17%</td> </tr> <tr> <td></td> <td>329</td> <td>81</td> <td>24%</td> </tr> <tr> <td></td> <td>66</td> <td>17</td> <td>26%</td> </tr> <tr> <td></td> <td>299</td> <td>74</td> <td>24%</td> </tr> <tr> <td></td> <td>122</td> <td>34</td> <td>27%</td> </tr> <tr> <td></td> <td>103</td> <td>31</td> <td>30%</td> </tr> </table>	CMHPSM: 26%	MHPs:			Denominator 1063	Den	Num	%	Numerator: 274	68	12	17%		329	81	24%		66	17	26%		299	74	24%		122	34	27%		103	31	30%	<p>Pages 24-25</p>
CMHPSM: 26%	MHPs:																																	
Denominator 1063	Den	Num	%																															
Numerator: 274	68	12	17%																															
	329	81	24%																															
	66	17	26%																															
	299	74	24%																															
	122	34	27%																															
	103	31	30%																															



Joint Metrics	FY2023 Q1 Status Report:	Full QAPIP Source:
<p>Reduce the disparity measures for FUA. Will obtain/maintain no statistical significance in the rate of racial/ethnic disparities for follow-up care within 30 days following an emergency department visit for alcohol or drug use. (Disparities will be calculated using the scoring methodology developed by MDHHS to detect statistically significant differences) Measurement period will be a comparison of calendar year 2020 with calendar year 2021.</p>	<p>Disparity increased Review of causes and potential interventions in process CMHPSM continues to advocate for allowing peer recovery supports to count in performance data.</p>	<p>Pages 24-25</p>

Performance Based Incentive Payments	FY2023 Q1 Status Report:	Full QAPIP Source:
<p>CMHPSM will improve or maintain data quality on BH-TEDS military and veteran fields. Data will be analyzed and monitored for discrepancies between VSN and BH-TEDS data. Identification of beneficiaries who may be eligible for services through the Veterans Administration.</p>	<p>State Goal 95% compliance for crisis and non-crisis encounters As of latest state report on 2/20/23: 96.78%</p>	<p>Page 57</p>
<p>Increased data sharing with other providers through sending ADT messages for purposes of care coordination through health information exchange. (narrative report)</p>	<p>Due 11/15/2023, in compliance to date.</p>	<p>Page 60</p>
<p>CMHPSM will participate in DHHS-planned and DHHS-provided data validation regarding the percentage of adolescents and adults with a new episode of alcohol or other drug (AOD) abuse or dependence who initiate treatment within 14 calendar days of the diagnosis received: (1. Initiation of AOD Treatment) <i>No state threshold set yet</i></p>	<p>Validation due dates determined by the state upon request. Currently in 100% compliance with participation.</p>	<p>Page 25</p>

Performance Based Incentive Payments	FY2023 Q1 Status Report:	Full QAPIP Source:
CMHPSM will participate in DHHS-planned and DHHS-provided data validation regarding the percentage of adolescents and adults with a new episode of alcohol or other drug (AOD) abuse or dependence who initiated treatment and who had two or more additional AOD services or Medication Assisted Treatment (MAT) within 34 calendar days of the initiation visit. (2. Engagement of AOD Treatment) <i>No state threshold set yet</i>	Validation due dates determined by the state upon request. Currently in 100% compliance with participation.	Page 25
CMHPSM will increase participation in patient-centered medical homes/health homes. (narrative report)	Due 11/15/2023, in compliance to date.	Page 60

Priority Measures	FY2023 Q1 Status Report:	Full QAPIP Source:
<b>Clinical SUD</b>		
CMHPSM SUD providers will meet ASAM continuum completion rates (Target 95%) CMHPSM SUD providers will meet priority population timelines (Target 95%) CMHPSM SUD Provider decrease in open SUD wrapper admissions without service and increase in closed cases. Monthly data reviews and quarterly data analysis reporting. (Target 95%)	Data is being tracked monthly System fixes were identified in FY23Q1 Q1 and Q2 data to be reported at FY23 Q2 status report	Pages 13-14, 38, 61

Utilization Management/LTSS	FY2023 Q1 Status Report:	Full QAPIP Source:
<p>Assess validity and reliability of LOCUS application across the region.</p> <ul style="list-style-type: none"> <li>a. Increase in timely completion of LOCUS (at intake, before annual BPS signed)</li> <li>b. Percentage of LOCUS score changes over time. Significant score changes show medical necessity</li> <li>c. Percentage of LOCUS overrides do not exceed 10%</li> <li>d. Clear documentation of overrides</li> <li>e. LOCUS score is accurately reflected in parity Level of Care in clinical record</li> </ul>	<p>Pending development of parity analysis program by June 2022</p>	<p>Pages 31-33</p>
<p>Correct timeframes used for advance action notice (Target 100%)</p> <p>Accurate use of reduction, suspension, or termination decisions. (Target 100%)</p> <p>ABDs provide service denial reasons in language understandable to person served.</p> <p>Analyze type of denial, accuracy of service and denial decision explanation, and compliance with timeframes.</p>	<p>Data analysis of FY23Q1 completed</p> <p>Compliance in content: 99.7%</p> <p>Compliance in timeliness: 95%</p> <p>Content errors were found in 1 of 333 cases for Q1 of FY23 (.3%)</p> <p>Timeliness errors found in 17 of 333 cases for Q1 of FY23 (5%)</p> <p>Staff were retrained on errors, training guidance will be revised by Q2.</p>	<p>Pages 31-33</p>
<p>Assess overutilization of services:</p> <p>Identify any services by population that indicate overutilization.</p> <p>Where indicated develop interventions to address overutilization.</p> <p>Incorporate LTSS, c waiver utilization, trends over time, provider stability factors.</p> <p>Percentage of individuals served who are receiving services consistent with the amount, scope, and duration authorized in their person-centered plan.</p>	<p>LTSS data dimensions completed</p> <p>During Q1 Project determined:</p> <p>Review of inpatient recidivism as potential overutilization of using following factors: LTSS, services/status before admission, Whether f/u done within 7 days post discharge and service type</p>	<p>Pages 31-33</p>

Utilization Management/LTSS	FY2023 Q1 Status Report:	Full QAPIP Source:
<p>Assess underutilization of services: Identify any services by population that indicate underutilization. Where indicated develop interventions to address underutilization. Incorporate LTSS, c waiver utilization, trends over time, provider stability factors. Percentage of individuals served who are receiving services consistent with the amount, scope, and duration authorized in their person-centered plan.</p>	<p>LTSS data dimensions completed</p> <p>During Q1 Project determined: Assess potential underutilization of HSW members not receiving monthly services that qualify them for HSW enrollment, and potential risks with the ending of public health emergency and subsequent enrollment exceptions.</p>	<p>Pages 31-33</p>
<p>Evidence of use of parity program for those with established LOC in CMHPSM reviews of CMHSPs clinical records for all populations (Standard 90%).</p>	<p>Pending PIHP monitoring to commence June 2022</p>	<p>Pages 31-33</p>
<p>Consistent regional service benefit is achieved as demonstrated by the percent of outliers to level of care benefit packages (Standard &lt;=5%).</p>	<p>Pending development of parity analysis program by June 2022</p>	<p>Pages 31-33</p>
<p>Percent of acute service cases reviewed that met medical necessity criteria as defined by MCG behavioral health guidelines. (Target 100%). Implement an inner rater reliability with the MCG Indicia parity system for psychiatric inpatient, crisis residential, and partial hospitalization service decisions.</p>	<p>MCG IRR training in process with completion by 4/30/23 and initiation of MCG IRR program 5/1/23, with full completion and analysis of FY23 data by 9/30/23</p>	<p>Pages 31-33</p>

<b>Behavior Treatment</b>	<b>FY2023 Q1 Status Report:</b>	<b>Full QAPIP Source:</b>
Consistent quarterly reporting of BTC data (100%) Consistent data analysis of BTC data (100%)	100% reporting of BTC data for FY2022 and FY2023 Q1 FY2022 BTC data analysis completed FY2032 Q1 BTC data analysis in process	Pages 29-30
The percentage of individuals who have an approved Behavior Treatment Plan which includes restrictive and intrusive techniques.	Data analysis as baseline measure was assessed for FY2022 Findings included: need for revision of data report to ensure one data element per field and all required elements met. Data report was updated, to train BTC staff for implementation by FY23 Q2 data analysis. Some elements will need to be included in PIHP monitoring of CMHSPs in FY23 (whether IPOS updated after increase in events, special consent completed) Assessing if FY22/FY23 baseline possible based on needed revision between FY22 and FY23 reporting template	Pages 29-30

<b>Clinical Practice Guidelines</b>	<b>FY2023 Q1 Status Report:</b>	<b>Full QAPIP Source:</b>
CPGs reviewed at least annually.	In process, due 9/30/23	Pages 30-31
CPGs published to both provider network and members.	In process, due 9/30/23	Pages 30-31

<b>Provider Monitoring</b>	<b>FY2023 Q1 Status Report:</b>	<b>Full QAPIP Source:</b>
Licensed providers will demonstrate an increase in compliance with staff qualifications, credentialing and recredentialing requirements.	CMHPSM review of CMHSP Access departments completed. Data analysis in process and will be reported in Q2 status report. Monitoring tools of LIP, Organization, and CMHSP staff credentialing/rec credentialing has been completed, with goal to complete auditing of records by June 2023. CMHPSM reviews of CMHSP clinical compliance has been initiated for FY23, to be completed by 9/30/23 and included in FY23 QAPIP Evaluation.	Pages 36-42

Provider Monitoring	FY2023 Q1 Status Report:	Full QAPIP Source:
<p>Non-licensed providers will demonstrate an increase in compliance with staff qualifications, and training requirements.</p>	<p>Monitoring tools of LIP, Organization, and CMHSP staff credentialing/recredentialing has been completed, with goal to complete auditing of records by June 2023. CMHPSM reviews of CMHSP clinical compliance has been initiated for FY23, to be completed by 9/30/23 and included in FY23 QAPIP Evaluation.</p>	<p>Pages 36-42</p>
<p>Credentialing and re-credentialing of organizational providers meet all state/federal requirements and timelines.</p>	<p>First FY23 state data report due 5/15/23 Monitoring tools of LIP, Organization, and CMHSP staff credentialing/recredentialing has been completed, with goal to complete auditing of records by June 2023.</p>	<p>Pages 36-42</p>
<p>Credentialing and re-credentialing of LIP providers meet all state/federal requirements and timelines.</p>	<p>First FY23 state data report due 5/15/23 Monitoring tools of LIP, Organization, and CMHSP staff credentialing/recredentialing has been completed, with goal to complete auditing of records by June 2023</p>	<p>Pages 36-42</p>
<p>Complete assessment of FY22 CMHPSM audits of CMHSP Access functions (CMH and SUD) and development performance improvement projects where indicated based on findings and resultant CAPs.</p>	<p>CMHPSM review of CMHSP Access departments completed. Data analysis in process and will be reported in Q2 status report.</p>	<p>Pages 36-42</p>
<p>CMHPSM will demonstrate an increase in applicable providers within the network that are "in compliance" with the HCBS rule (MDHHS HCBS CAP Guidance form).</p>	<p>CMHPSM Waiver Coordinator launched a new review of HCBS providers for FY23. Data analysis in process and update will be reported in Q2 status report.</p>	<p>Pages 36-42</p>

Health Home (OHH, BHH, CCBHC) Performance Measures	FY2023 Q1 Status Report:	Full QAPIP Source:
Meet or exceed OHH performance benchmarks.	100% compliance with meeting reporting requirements 4 active OHH providers; 1 additional provider to participate in FY23 Q2 Performance of benchmarks pending MDHHS reporting	Page 63
Meet or exceed BHH performance benchmarks.	100% compliance with meeting reporting requirements All four CMHs BHH certified and enrolling members Performance of benchmarks pending MDHHS reporting	Page 63
Meet or exceed federally defined QBP measures and benchmarks for CCBHCs.	100% compliance with meeting reporting requirements Performance of benchmarks pending MDHHS reporting	Page 63



**Regional Board Action Request – FY2023 Q1 QAPIP Measures of Performance Status Report**

Board Meeting Date: April 12, 2023

Action Requested: Review and approve status report of the FY2023 Q1 Quality Assessment and Performance Improvement Program (QAPIP).

Background: The CMHPSM is committed to ensuring quality service provision through review of evidence and the monitoring of the health and welfare of the region’s recipients by developing a quality management program. Some of the key functions of a Quality Management Program includes developing and evaluating the QAPIP Program on an annual basis, providing regular status reports, and seeking feedback and recommendations. Quarterly reports are also thoroughly reviewed by our regional committees and CMHSP partners.

Connection to: PIHP/MDHHS Contract, AFP, Regional Strategic Plan and Shared Governance Model

Recommend: Approval





**Regional Board Action Request- SIS Position Revisions and Elimination**

Board Meeting Date: April 12, 2023

Action Requested: Approve recommended job title changes for CMHPSM positions #112, #113 and #128. Reduce one position to a temporary status through 9/30/2023. Approve elimination of CMHPSM position #114 effective 4/12/2023.

Background: The elimination of the Supports Intensity Scale (SIS) requirement in March 2023 by MDHHS has led the CMHPSM to revisit our staff resource allocation. This significant change has led to the proposed re-allocation of two SIS positions to permanent Regional Project Assistant roles, one transition of a SIS position to a temporary Regional Project Assistant funded through 9/30/2023 and the elimination of the SIS Quality lead position effective 4/12/2023. This proposed change will reduce administrative costs at the PIHP and allocate resources to reduce the burden on our CMHSP partners, create centralized administrative efficiencies, increase back-up coverage for regional coordination functions and offload some day-to-day tasks from both CMHSP and CMHPSM staff. Job description for transitioned positions is attached.

<b>CMHPSM Position ID</b>	<b>Current Position Title / Salary Tier</b>	<b>Proposed Position Title / Salary Tier</b>
#112	SIS Assessor 1.0 FTE Tier 1 (\$44,096-\$57,352)	Regional Project Assistant (Permanent) 1.0 FTE Tier 1 (\$44,096-\$57,352)
#113	SIS Assessor 1.0 FTE Tier 1 (\$44,096-\$57,352)	Regional Project Assistant (Permanent) 1.0 FTE Tier 1 (\$44,096-\$57,352)
#114	SIS Quality Lead 1.0 FTE Tier 2A (\$60,137-\$82,580)	Eliminate 1.0 FTE CMHPSM Position #114 effective 4/12/2023.
#128	SIS Assessor 1.0 FTE Tier 1 (\$44,096-\$57,352)	Regional Project Assistant (Temporary through 9/30/2023) 1.0 FTE Tier 1 (\$44,096-\$57,352)

Connection to PIHP/MDHHS Contract, Regional Strategic Plan or Shared Governance Model:

The [CMHPSM Board Governance CMHPSM CEO Authority Position Control and Compensation Policy](#) allows the CMHPSM CEO to alter job titles and job descriptions within the same salary classification and allows the creation of temporary positions. The shared governance model targets the centralization of certain regional tasks and functions whenever most efficient and cost-effective to the region.

Recommend: Approval



## Community Mental Health Partnership of Southeast Michigan Job Description

**Job Title:** Regional Project Assistant

**Supervision Received:** Chief Information Officer / Chief Operating Officer / Regional Coordinator

**Tier:** 1

**Salary Range:** 38,506 – 54,106

**FLSA Exempt Status:** Non-Exempt

**Position Status:** Full-time

**Last Updated:** April 4, 2023

### Job Summary

The Regional Project Assistant, under the general supervision of either the: Chief Information Officer, Chief Operating Officer, CMHPSM Regional Coordinator, or a supervisor assigned by the CMHPSM CEO, will complete essential duties and responsibilities as outlined within this job description. The Regional Project Assistant may also be assigned to recurring or non-recurring special projects and/or other duties or responsibilities of a similar nature to those outlined herein.

### Essential Duties and Responsibilities

- General Responsibilities:
  - Provide support to guests and customers of the CMHPSM: answer and direct phone calls; distribute mail, faxes, and other communications.
  - Manage internal resources: organize and schedule appointments and meetings; update and maintain office policies and procedures; inventory and order office supplies; book travel and conference accommodations for CMHPSM staff; other related duties as assigned.
  - Provide customer service to employees, CMHSP partners, providers, vendors, and consumers / individuals served.
- Coordinate Regional Committees:
  - Assist with assigned regional committee management, including scheduling meetings and preparing agenda and other meeting materials; participate in meetings and provide pertinent information gathered through other channels; take and distribute minutes; support recordkeeping and information distribution for committee; complete other related duties as assigned.
  - Provides backup committee meeting coverage for committees assigned to other Regional Project Assistants, the Regional Administrative Assistant, or the Regional Coordinator.
- The CMHPSM Regional Project Assistant may be assigned to general CMHPSM organizational projects, CMHPSM Operations Department projects and/or Information Management Department projects. Individuals will be tasked with completing projects or functions similar to the following:
  - CMHPSM General Organizational
    - Regional policy formatting and terminology edits. Specific tasks could include reviewing, editing regional policies and procedures to ensure the correct template, formatting and policy requirements and definitions are clearly defined within the policy.
    - Process and procedure documentation management across all CMHPSM departments. Specific tasks could include working with department leaders and staff to ensure that documentation of processes and procedures are kept up-to-date, organized and available to all employees.
    - Organize, edit and publish or send a CMHPSM newsletter through email publishing software with departmental input.
    - Create, edit and publish approved social media on CMHPSM social media platforms.

## Attachment #4a – April 2023

- Manage trainings, certificates, and customer service inquiries on the CMHPSM regional external provider training platform.
- CMHPSM Operations Department
  - Enter required organizational documents from regional service providers and vendors, such as proofs of insurance, accreditation, licensure, audit documentation, etc.
  - Utilize compliance reports from the electronic health record to ensure providers have submitted all required documentation to deliver services.
  - Updating fee schedules or other provider information within our electronic health record.
  - Update regional provider directory information in our electronic health record based upon information supplied by our providers.
  - Assist with gathering audit documentation and preparing audit materials for various audits of the CMHPSM and/or audits conducted by the CMHPSM of other entities.
  - Enter in state systems like: CHAMPS, WSA, MI-CAL CRM, E-Grams or other platforms.
- Information Management Department
  - CMHPSM Help Desk coverage assistance/backup.
  - Assist with the CMHPSM organizational credentialing processes for CMHPSM directly contracted providers in accordance with regional policies and procedures.
  - Maintain Teams files and structure related to shared Teams sites and channels for regional access.
  - Maintain committee mailing lists and Team channel access for CMHPSM and partner CMHSP members.
- As special initiatives or projects are required the regional project assistant will be assigned appropriate tasks for completion.

### **Other Duties and Responsibilities**

- Special projects, as assigned by direct supervisor.
- Other duties as requested, directed, or assigned by direct supervisor.

### **Supervisory Responsibilities**

- This position does not supervise other employees but may direct, schedule or train other employees on specific tasks or functions from time to time.

### **Education and Experience Requirements**

- High school diploma or GED required, associate or bachelor's degree preferred.
- A minimum of two years of experience in the essential duties and responsibilities identified for this position required. Experience in a healthcare, human resources, governmental, or social services agency is preferred. Or any equivalent combination of education, experience, and training that provides the required knowledge, skills, and abilities may be considered by the CMHPSM.

### **Competencies Required**

- Excellent written and verbal communication skills
- Excellent time management skills and the ability to prioritize work
- Attention to detail and problem-solving skills
- Must be proficient in Microsoft Office Products (Excel, Word, Outlook, proficiency in PowerPoint, Publisher, Visio preferred)
- Familiarity with Microsoft Teams, Zoom and other telecommunication technologies.
- Ability to write, edit and publish external communications on CMHPSM website, social media, and newsletters.
- Familiarity with electronic health record or similar custom database applications is preferred.
- Ability to maintain composure and display tact and professionalism in all interactions
- Ability to keep commitments and take responsibility for own actions
- Ability to organize, prioritize and plan work activities and projects to meet deadlines

Attachment #4a – April 2023

- Ability to make timely decisions using sound and accurate judgment within specified constraints
- Ability to build and maintain effective working relationships with others
- Ability to express ideas effectively and adapt message to audience orally and in writing
- Ability to adapt quickly to changing demands
- Ability to work independently and collaborate as part of a team
- Attention to detail and quality
- Ability to motivate self to complete tasks with minimal supervision
- Ability to interpret and apply policies and procedures appropriately
- Knowledge of safety and security principles and a commitment to safety and security

**Physical Demands and Work Environment**

The physical demands and work environment described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

Duties require sufficient mobility to work in a normal office setting and use standard office equipment including a computer, vision to read printed materials and a computer screen and hearing and speech sufficient to communicate in person or over the telephone.

**Special Position Requirements**

This position requires possession of a valid Michigan driver’s license or method of transportation to travel within the CMHPSM region and to meetings outside of the region when requested.

*Please note this job description is not designed to cover or contain a comprehensive listing of activities, duties or responsibilities that are required of the employee for this job. Duties, responsibilities, and activities may change at any time with or without notice.*

*This document does not create an employment contract, implied or otherwise, other than an "at will" relationship.*

This job description has been approved by:

Chief Executive Officer \_\_\_\_\_

Date \_\_\_\_\_

Employee signature below constitutes employee’s understanding of the requirements, essential functions, and duties of the position.

Employee \_\_\_\_\_

Date \_\_\_\_\_



**Regional Board Action Request – Contracts**

Board Meeting Date: April 12, 2023

Action(s) Requested: Approval for the CEO to execute the contracts/amendments listed below.

<b>Organization - Background</b>	<b>Term</b>	<b>Funding Level</b>	<b>Funding Source</b>	<b>Agreement Type</b>
<b>Lenawee CMHA</b> – funding for the Lenawee County CMHA to participate in the Region 6 Michigan Partnership to Advance Coalitions (MI PAC)	3/1/2023 - 9/30/2023	\$ 18,450	Grant Funded	Amend FY2023 Contract
<b>Livingston Catholic Charities</b> – funding for the Livingston County Coalition to participate in the Region 6 Michigan Partnership to Advance Coalitions (MI PAC)	3/1/2023 - 9/30/2023	\$18,450	Grant Funded	Amend FY2023 Contract
<b>Lenawee CMHA</b> - funding for the Lenawee CMH Engagement Center	3/1/2023 - 9/30/2023	\$100,000	Grant Funded	Amend FY2023 Contract
<b>Washtenaw County</b> – funding for the Washtenaw County Health Department to participate in the Region 6 Michigan Partnership to Advance Coalitions (MI PAC)	3/1/2023 - 9/30/2023	\$30,000	Grant Funded	Amend FY2023 Contract
<b>Ann Arbor Comprehensive Treatment Center (AACTC) Center</b> – Opioid Health Home	4/1/2023 - 9/30/2022	Per OHH Case Rate	OHH	New Contract
<b>United Way of Lenawee and Monroe</b> - funding for the Monroe County Coalition to participate in the Region 6 Michigan Partnership to Advance Coalitions (MI PAC)	3/1/2023- 9/30/2023	\$18,450	Grant Funded	Amended Contract



## Regional Board Notification – CEO Authority Update

Board Meeting Date: April 12, 2023

### Information:

The CMHPSM CEO approved the participation of the CMHPSM at 5.4% of an Michigan Consortium of Healthcare Excellence (MCHE) project with the other 8 MCHE members. The project seeks to fund MCHE to contract with Wakely, an actuary entity to review current FY2023 statewide Medicaid, Healthy Michigan and other program rates, analyze prospective FY2023 and FY2024 rate changes related to the Medicaid and Healthy Michigan re-enrollment restart which will impact individual service eligibility and decrease capitation payment levels and assisting the public system in reviewing/negotiating FY2024 statewide capitation rates.

The project will cost no more than \$105,000 statewide, current discussions are estimating a total project cost of between \$60,000-\$80,000. The projected CMHPSM contribution of 5.4% of a \$105,000.00 project would be \$5,662.74, so actual CMHPSM cost may end up being less than this amount.

Recommend: Informational Review, no action needed.



# **Community Mental Health Partnership of Southeast Michigan**

## **Board Governance Policy Manual**



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# **SECTION 1: MISSION, VISION, AND VALUES**

## **1.0 MISSION, VISION, AND VALUES**

Mission: Through effective partnerships, the CMHPSM ensures and supports the provision of high-quality integrated care that is cost effective and focuses on improving the health, wellness, and quality of life for people living in our region.

Vision: The CMHPSM will address the challenges confronting people living in our region by influencing public policy and participating in initiatives that reduce stigma and disparities in health care delivery while promoting recovery and wellness.

Values:

- Strength Based and Recovery Focused
- Trustworthiness and Transparency
- Accountable and Responsible
- Shared Governance
- Innovative and Data Driven Decision Making
- Learning Organization

## **1.1 BYLAWS AND POLICY REVIEW AND AMENDMENT**

The Board will review the regional mission, vision, and values statements for relevance to current needs and interest of the four county partners at least every two years. The Board will ensure stakeholder involvement in the review of the mission, vision and values.

# **SECTION 2: CEO RESPONSIBILITIES**

## **2.0 EXECUTIVE RESPONSIBILITIES**

The CEO shall ensure that all practices, activities, decisions, and/or organizational circumstances shall be lawful, prudent and in compliance with commonly accepted business and professional ethics. The CEO will recommend either new or revised Board Governance policies to address areas of non-compliance.

## **2.1 TREATMENT OF CONSUMERS**

With respect to interactions with and services provided to consumers or those applying to be consumers, the CEO shall ensure the CMHPSM has an established process that is followed to monitor conditions and procedures employed across the four-county region so that services and supports are provided in a manner that is dignified, respectful, appropriate, not unnecessarily intrusive, and promotes safety. Services and supports shall be delivered in accordance with the CMHPSM Mission and Vision statements.

## **2.2 TREATMENT OF STAFFPERSONS**

The CEO shall promote working conditions for the staff that are fair, dignified, respectful, organized, and clear.

Further, by way of example, but not limited to the following:

1. Operate with written personnel rules which: (a) clarify rules for staff, (b) provide for effective handling of grievances, and (c) protect against wrongful conditions, such as discrimination, harassment, nepotism and/or preferential treatment for personal reasons.
2. Produce and continually update the CMHPSM employee handbook which establishes the general expectations and principles of employment, operational policies, employee benefit and leave provisions and general standards of conduct for employees.
3. Have a process to administer exit interviews and staff satisfaction surveys.
4. Ensure each employee of the CMHPSM shall have due process in the event of an adverse disciplinary action.
5. Within fiscal constraints, provide necessary resources to staff for the performance of their job duties.
6. Have a process to ensure job descriptions, work plans and assigned outcomes for staff persons are continually assessed.
7. Staff shall have work performance appraisals at minimum annually.

## **2.3 COMPENSATION AND BENEFITS**

The CEO shall administer board approved competitive compensation and benefits for CMHPSM employees.

## **2.4 FINANCIAL BOARD GOVERNANCE POLICIES**

The CEO and CFO shall ensure the financial policies and practices of the CMHPSM meet state and federal requirements and are compliant with Generally Accepted Accounting Practices (GAAP).

Financial Board Governance Policies which shall be approved by the Board and reviewed on an annual basis include:

- A. CEO Authority for Position Control and Compensation
- B. CEO General Scope of Authority
- C. Conflict of Interest
- D. Financial Stability and Risk Reserve Management
- E. Investing
- F. Procurement

The CEO and CFO shall review the financial policies annually and make recommendations to the Board for revisions, amendments when needed. All approved CMHPSM Board Governance Policies can be found on the CMHPSM website: [www.cmhpsm.org/governance-policies](http://www.cmhpsm.org/governance-policies)

## **2.5 EMERGENCY CEO SUCCESSION**

To protect the CMHPSM from sudden loss of CEO Services, the CEO shall have no fewer than two other executives familiar with Board and CEO issues and processes.

## **2.6 COMMUNICATION AND SUPPORT TO THE BOARD**

The CEO shall keep the CMHPSM Board informed and supported in its work.

Further, by way of example, but not limited to the following:

1. Submit monitoring data required to the Board in a timely, accurate, and understandable fashion, directly addressing provisions of Board Policies being monitored.
2. Keep the Board informed of relevant trends, anticipated adverse media coverage, threatened or pending lawsuits and material external and internal changes, particularly changes in the assumptions upon which any Board Policy has previously been established.
3. Advise the Board if, in the CEO'S opinion, the Board is not in compliance with its own policies on Governance Process and Board – CEO Linkage, through the Board Chair.
  - a) If there is a breakdown in the relationship between the Board Chair and the CEO, the CEO shall inform the full CMHPSM Board of Directors of the breakdown.
  - b) In the event the CMHPSM Board is unable to resolve the issues, the leadership of the CMHSPs that appoint the CMHSP members to the CMHPSM Board shall meet to address the issues and develop recommendations for the CMHPSM Board to act upon.
4. Marshal for the Board information from as many staff and external perspectives, on issues and options as needed for fully informed Board choices.
5. Provide a mechanism for official Board communications.
6. The CEO shall provide a compliance report to the Board at least annually and any time there are any serious violations at either the CMHPSM or the CMHSPs. This report shall include a review of the implementation of operational policies to ensure that areas of noncompliance are identified and addressed before the noncompliance results in sanctions from regulatory bodies.
7. Report in a timely manner an actual or anticipated noncompliance with any Board Policy.

## **2.7 REGIONAL RESOURCES**

The CEO shall be informed and take advantage of collaboration, partnerships and innovative relationships with agencies and organizations, including state, regional and county specific resources. The CEO shall also stay abreast of current affairs as they apply to this industry through conferences and seminars.

## **SECTION 3: GOVERNANCE PROCESS**

### **3.0 GOVERNING STYLE**

The Board will govern with an emphasis on (a) outward vision, (b) diversity in viewpoints, (c) strategic leadership, (d) clear distinction of Board and CEO roles, (e) collective rather than individual decisions and, (f) proactivity.

The Board must ensure that all divergent views are considered in making decisions, yet must resolve into a single organizational position. Once a decision is made the Board must speak in one voice publicly.

Accordingly:

1. The Board will establish written policies reflecting the Board's values and perspectives. The Board's major policy focus will be on the intended long-term impacts outside the organization, not on the administrative or programmatic means of attaining those effects.
2. The Board will enforce discipline whenever needed. Discipline will apply to matters such as attendance, preparation for meetings, violation of policies, and disrespect for roles.
3. Continual Board development will include orientation of new Board Members and periodic Board discussion of process improvement.
4. The Board will listen respectfully to citizen comments and assure that an internal process is in place to follow up on the concerns expressed.

### **3.1 BOARD RESPONSIBILITIES/DUTIES**

The Board will ensure appropriate organizational and CEO performance and promote a link between the regional community and the CMHPSM.

Further, by way of example, but not limited to the following:

1. Meetings
  - (a) Attend Board meetings by satisfying Open Meeting Act quorum attendance requirements to ensure the CMHPSM Regional Board can conduct business
  - (b) If unable to attend Board meetings provide advance notice to the CEO and Board Chair
  - (c) Be prepared and on time
  - (d) Listen with an open mind
  - (e) Participate in discussion and encourage dialogue
  - (f) Make decisions in the best interest of the PIHP region
  - (g) Speak with one voice after a decision has been made
2. Board Member Personal Development
  - (a) Complete Board orientation and training

(b) Commit to ongoing development of Board Member skills

3. Operational Policies

(a) Follow all relevant CMHPMS operational policies applicable to Board Members

### **3.2 BOARD MEMBER ETHICS**

The Board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board Members.

Further, by way of example, but not limited to the following:

1. Operate with the best interest of the PIHP region in mind.
2. Follow the requirements of the CMHPSM Conflict of Interest Policy, including recusing from discussion or voting on any issues where a potential conflict of interest exists.
3. Board Members will not use their board position to obtain employment in the organization for themselves, family members, or close associates. Should a Board Member apply for employment, he or she must first resign from the Board.
4. Board Members shall not attempt to exercise individual authority over the organization.
5. The Board will not evaluate, either formally or informally, any staff other than the CEO.
6. Board Members will respect confidentiality.

### **3.3 BOARD CHAIR'S ROLE**

The Board Chair assures the integrity of the Board's process and, represents the Board to outside parties. The Board Chair has no authority to make decisions about policies created by the Board nor authority to individually supervise or direct the CEO.

### **3.4 POLICY REVIEW AND AMENDMENT**

1. The Board Policy Governance Manual, Bylaws of the CMHPSM, and Board Governance Policies shall be reviewed in April of every year.
2. Board Governance Policies may be suspended, rescinded, or amended by 3/4 of the serving membership and will be superseded by any change in federal or state law.

### **3.5 COST OF GOVERNANCE**

The Board will invest in its governance capacity.

Accordingly:

1. Board members shall be compensated at the rate of the appointing CMHSP per meeting for attendance at all Board meetings, assigned committee meetings, workshops, required training, and other Board approved functions. Board members are entitled to one meeting allowance per day.
2. Travel expenses shall be reimbursed by the appointing CMHSP.
3. The Board shall be informed of its budget and expenses.

## **SECTION 4: BOARD-CEO LINKAGE**

### **4.0 GOVERNANCE-MANAGEMENT CONNECTION**

The Board shall appoint a CEO of the Community Mental Health Partnership of Southeast Michigan who meets the standards of training and experience established by the Michigan Department of Health and Human Services (MDHHS). The Board shall establish general policy guidelines within which the CEO shall execute the duties and responsibilities of a Pre-Paid Inpatient Health Plan as required by state and federal laws, rules, regulations, and the Medicaid Specialty Supports and Services contract with the MDHHS.

### **4.1 CEO'S RESPONSIBILITIES**

The CEO of the CMHPSM shall function as the chief executive and administrative officer of the CMHPSM/PIHP and shall execute and administer the program in accordance with the approved annual plan and operating budget, the general policy guidelines established by the CMHPSM Board, the applicable governmental procedures and policies, and the provisions of the Mental Health Code. The CEO has the authority and responsibility for supervising all employees. The terms and conditions of the CEO's employment, including tenure of service, shall be as mutually agreed to by the Board and the CEO and shall be specified in a written contract.

### **4.2 MONITORING CEO PERFORMANCE**

There will be systematic and objective monitoring of the CEO's job performance and achievement of organizational goals as agreed upon.

***Revision History***

- *2022 revisions include updating references to the Conflict of Interest policy in sections 2.4 and 3.2, clarification of attendance requirement as meeting Open Meeting Act qualifications in section 3.1.*
- *2021 Revisions and updates to referenced policies and numerous other changes. A tracked changes version will be kept as reference to the approved changes.*
- *Revision made 8-8-2018 include updates to Mission, Vision, and Values statements; review dates of Financial policies cited in 2.4.1; and inclusion of attachments of the financial policies cited in 2.4.1*
- *Revisions include table of contents formatting, updates and clarifications throughout the document. A tracked changes version identifying edits will be retained for reference.*



## AMENDED BYLAWS

### COMMUNITY MENTAL HEALTH PARTNERSHIP OF SOUTHEAST MICHIGAN

#### ARTICLE I CREATION AND NAME

**SECTION A. CREATION.** Pursuant to Section 330.1204b of Act 258 of the Public Acts of 1974 as amended (Mental Health Code), the Community Mental Health Authorities of Lenawee, Livingston, and Monroe Counties and the Community Mental Health Agency of Washtenaw County (the Partners) hereby establish a regional entity to function as the Prepaid Inpatient Health Plan (PIHP) for the same four county region (designated as Region 6 by the Michigan Department of Health and Human Services (“MDHHS”).

**SECTION B. NAME.** The name of the regional entity shall be the Community Mental Health Partnership of Southeast Michigan (the “CMHPSM”).

**SECTION C. FORM OF ENTITY.** The CMHPSM is a public governmental entity separate from the counties, authorities, or organizations that establish it.

#### ARTICLE II PURPOSE

**SECTION A. PURPOSE.** The purpose of the CMHPSM is to: carry out the provisions of the Michigan Mental Health Code as they relate to serving as the PIHP of Region Six (6) as defined in 42 CFR 438.2 (“PIHP”); manage on a shared risk basis with the State of Michigan the Medicaid Specialty Support and Services Concurrent 1915(b)/(c) Waiver Programs (“Concurrent 1915 (b/c) Medicaid”), any 1915 (i) Waivers granted to the State of Michigan by the Centers for Medicare and Medicaid Services (CMS), any 1115 Demonstration Waivers granted to the State of Michigan by the Centers for Medicare and Medicaid Services, and under approval of SAMHSA and the State of Michigan, that the CMHPSM will operate substance use disorder (SUD) prevention and treatment programming funded under the SUD Community Grant; and ensure access to and the provision of a comprehensive array of Medicaid funded specialty behavioral health services for Medicaid recipients who are adults with a serious mental illness, children and youth with a serious emotional disturbance, individuals with an intellectual/developmental disability, and individuals with a substance use disorder who reside in Lenawee, Livingston, Monroe, or Washtenaw Counties in Michigan. The CMHPSM’s specific functions include, but are not limited to:

1. Receiving and distributing Medicaid payments from the MDHHS or CMHPSM Medicaid savings related to services provided by the CMHPSM or the Partners as well as Block Grant funding according to the terms of the Block Grant awards.

2. Acting as the regional entity for substance use disorder (“SUD”) treatment

programs administered by the Partners and otherwise provided within the designated service areas of the CMHPSM.

### **ARTICLE III CMHPSM POWERS**

**SECTION A. GENERAL POWERS.** Except as otherwise provided in these Bylaws including without limitation Article IV, Section D, the CMHPSM possesses all the powers provided in MCL § 330.1204b(2), including but not limited to:

1. The power, privilege, or authority that the Partners share in common and may exercise separately under the Mental Health Code, as specified in these Bylaws;
2. The power to contract with the State to serve as the PIHP for the designated service areas of the Partners;
3. The power to accept funds, grants, gifts, or services from the federal government or a federal agency, from the state or a state department, agency, instrumentality, or from a political subdivision, or any other governmental unit, whether or not that governmental unit participates in the CMHPSM, and from a private or civic source;
4. The power to enter into a contract with a Partner for any service to be performed for, by, or from the Partner;
5. The power to create a risk pool and take other action as necessary to reduce the risk that the Partners would otherwise bear individually;
6. The power to calculate, assess, and collect from the Partners payments or withholds attributable to their designated share of the CMHPSM’s costs and expenses; and
7. The power to contract with State, federal, local and/or commercial entities.

**SECTION B: CMHPSM ACTIONS.** The manner by which the CMHPSM’s purposes will be accomplished and powers will be exercised shall be through the actions of the Partners as provided in Article IV and through the actions of the Board as set forth in these Bylaws or as delegated by the Board to officers, committees or other agents.

**SECTION C. COMPLIANCE WITH LAWS.** The CMHPSM and its Partners, Board, officers and staff shall fully comply with all applicable laws, regulations and rules, including without limitation 1976 P.A. 267 (the “Open Meetings Act”) and 1976 P.A. 422 (the “Freedom of Information Act”). The CMHPSM shall develop compliance policies and procedures. In the event that any noncompliance is found, immediate corrective action, as defined in the Operating Agreement, shall be taken by the appropriate source to ensure compliance.

**ARTICLE IV  
THE PARTNERS**

**SECTION A: PARTNERS.** The Partners shall be those Community Mental Health Service Programs (CMHSP's) that have adopted these Bylaws.

**SECTION B. STATUS.** The Partners forming the CMHPSM remain separate legal governmental entities and retain all the power, rights, and authority afforded community mental health services programs organized and operated as county mental health authorities or agencies under the Mental Health Code.

**SECTION C. PARTNER VOTE.** The Partners of the CMHPSM will each have one (1) vote on those matters reserved to the Partners in Section D. The Partner's vote shall be conveyed in the form of a duly adopted written resolution of the governing body of each of the Partners.

**SECTION D: PARTNER RESERVED POWERS.** Each Partner shall possess the powers and rights retained and reserved to the Partners under these Bylaws and the Operating Agreement which shall include without limitation the power to approve the following:

1. All amendments, restatements or adoption of new bylaws;
2. The Operating Agreement, any amendment thereto and its termination;
3. Any proposal of the CMHPSM related to merger, consolidation, joint venture or formation of a new organization;
4. The termination of the CMHPSM and distribution of assets and liabilities, if any;
5. The issuance of debt which exceeds certain threshold amounts established for the CMHPSM by the Partners in the Operating Agreement;
6. Secured borrowings and unsecured borrowings in excess of amounts established in the Operating Agreement by the Partners; and
7. The sale, transfer or other disposition of substantially all of the assets of the CMHPSM.

**SECTION E. PARTNER RETAINED POWERS.** The Partners shall retain all powers, rights and authority afforded community mental health services programs, organized and operated as county mental health authorities, agencies or organizations under the Mental Health Code. Only the powers and authority specifically delegated to CMHPSM under these Bylaws and as further defined under an Operating Agreement, are transferred to CMHPSM. An Operating Agreement shall be approved by the CMHPSM Board and incorporated herein by reference.

**SECTION F. WITHDRAWAL OF THE PARTNER.** Any Partner may withdraw from the CMHPSM effective upon approval of MDHHS. A written notice of a minimum of 90 (ninety) days to the remaining Partners shall be provided. As of the effective date of the withdrawal from

the CMHPSM, the Partner will have no further rights or benefits in the CMHPSM. The withdrawal does not absolve the Partner from any other service, performance or any other contractual obligations related to separate agreements established between the Partner and the CMHPSM. In addition, all Partner claims to CMHPSM assets or risk pools shall be pro-rated upon withdrawal as negotiated with MDHHS. The members of the Board appointed by the withdrawing Partner terminate as well, and no replacements will be appointed or vacancy be deemed to have occurred.

**SECTION G. REMOVAL OF THE PARTNER.** A Partner shall be removed from the CMHPSM upon approval of MDHHS and under one of the following conditions: 1) Partner is dissolved under law by the authorizing body , 2) Partner is decertified as a community mental health services program by the State or 3) Partner is assigned to an alternative regional area as determined by the State and communicated in writing to the CMHPSM. In addition, all Partner claims to CMHPSM assets or risk pools shall be pro-rated upon removal as negotiated with MDHHS.

**SECTION H. NEW PARTNERS.** New partners of the CMHPSM may be added pending written support from the State for purposes of preserving the community mental health system. If addition of these new Partners to the CMHPSM is not required by the State, it is seen as within the sole discretion of the existing Partners. Thus, when not required by the State, the addition of new partners to the CMHPSM requires the approval of three-fourths (3/4) of the governing bodies of the existing Partners, conveyed via a duly adopted written resolution of these governing bodies. New partners added to the CMHPSM will be entitled to any membership or governance rights in the same manner as the existing Partners. Any new partners added under this section will forward any claims to existing Medicaid risk reserves to the CMHPSM on a pro-rated basis upon date of admission as negotiated with MDHHS.

**SECTION I. DISPUTE RESOLUTION.** Any dispute between Partners of the CMHPSM related to the interpretation or application of the Bylaws or Operating Agreement will be referred to the CMHPSM regional board for due consideration within thirty (30) days. The resolution of the Bylaws or Operating Agreement dispute will be final upon agreement by the governing boards of three-fourths (3/4) of the Partners, in the form of a duly adopted written resolution of those governing bodies. Any disputes related to any other CMHPSM matter will be resolved according to terms of the Operating Agreement.

**SECTION J. EXERCISE OF RESERVED POWERS.** Any action by the Partners will require the unanimous approval of the existing Partners conveyed in the form of a duly adopted written resolution from their respective governing bodies, to be binding upon the CMHPSM.

## **ARTICLE V BOARD OF DIRECTORS**

**SECTION A GENERAL POWERS.** The business, property and affairs of CMHPSM shall be managed by the Board of Directors.

**SECTION B. NUMBER/COMPOSITION/APPOINTMENT.** The Board of Directors of the CMHPSM shall be a thirteen (13) member board. Each Partner will appoint three individuals

from their respective Board roster to the CMHPSM Board of Directors. At least one appointee from each Partner will be required to be a primary or secondary consumer as defined in the Mental Health Code. Appointments are to be coordinated by the Partners so that there are at least two (2) primary consumers on the CMHPSM Board. The final composition of the Board shall include four consumer representatives with at least two of those being individuals who have received or are currently receiving a mental health service. The CMHPSM Board shall appoint one individual nominated by the Substance Use Disorder Oversight Policy Board and who is in Recovery.

**SECTION C. PARTNER BOARD.** CMHPSM Board members may also serve on their respective boards.

**SECTION D. VOTE.** Each individual appointed to the Board shall have one vote.

**SECTION E. TERM.** Appointments to the CMHPSM Board shall be for a three year term.

1. Terms of appointments shall be staggered to ensure that no more than one-third of the Board Members are subject to re-appointment in any given year.

**SECTION F. REMOVAL.** A CMHPSM Board member may be removed for either neglect of official duty or misconduct in office after being given a written statement of reasons and an opportunity to be heard thereon. A vote of three-fourths (3/4) of the CMHPSM Board is required for removal of a CMHPSM Board member. The Partner that appointed the Board member may also remove that member at their discretion. Non-attendance of either three (3) consecutive meetings of the CMHPSM Board or three (3) meetings within a twelve (12) month period will initiate a CMHPSM Board review and may result in removal from the CMHPSM Board.

**SECTION G: RESIGNATION.** The CMHPSM Board member may resign at any time by providing notification to the appointing Partner. The resignation will be effective upon receipt of the notice by the Partner or at a later time as designated in the notice.

**SECTION H. BOARD VACANCIES.** A vacancy on the CMHPSM Board may occur through death, removal or resignation of the Board member. A vacancy shall be filled for an unexpired term by the Partner in the same manner as the original appointment.

**SECTION I. CONFLICT OF INTEREST POLICY.** The Board of Directors shall adopt and adhere to a conflict of interest policy which shall require, among other things, the disclosure to the Board Chairperson and any committee chairperson any actual or possible conflicts of interest. All Board members will annually disclose any conflicts of interest while serving on the Board. Any amendment to the Conflict of Interest Policy shall be approved by three quarters (3/4) vote of the members of the CMHPSM Board.

**SECTION J. GOVERNANCE STYLE.** The Board will govern with an emphasis on outward vision, diversity in viewpoints, strategic leadership, clear distinction of Board and Chief Executive Officer roles, collective rather than individual decisions, and proactivity.

1. The Board will establish written policies reflecting the Board’s values and perspectives.

2. The Board’s major policy focus will be on the intended long-term impacts outside the organization, not on the administrative or programmatic means of attaining those effects.

**SECTION K. SHARED GOVERNANCE.** The CMHPSM, the CMHPSM regional board and Partners will implement a shared governance decision-making model that:

1. Establishes and communicates specific goals based on over-arching priorities and the strategic plan; and
2. Creates and supports an organizational culture conducive to mutual trust and unified collegial action.
3. Fosters a continuous process improvement environment.

**SECTION L. REGIONAL OPERATIONS COMMITTEE.** The CEO will utilize a Regional Operations Committee (ROC) to oversee CMHPSM regional activities as determined by the Board and in conjunction with the CMHPSM staff, prepare material and recommendations for the Board. The function, duties and responsibilities of the ROC are described in the CMHPSM Operating Agreement. The ROC shall be comprised of the Chief Executive Officer of the CMHPSM and the Executive Directors of the Partners that created the CMHPSM.

**SECTION M. STIPENDS.** Each Partner will pay stipends to individuals appointed to Board by the Partner, as determined by that particular Partner.

**SECTION N. BOARD POLICIES.** The Board shall develop governance policies from time to time and each member of the Board shall be responsible for complying with said policies.

## **ARTICLE VI BOARD OFFICERS**

**SECTION A. OFFICERS.** The officers of this Board shall be Chairperson, Vice Chairperson, and Secretary.

1. Only one individual from each Partner may serve as an officer. The CMHPSM officers shall have one-year Terms, or until such time as their successors are duly elected. Officers shall not serve more than 3 consecutive terms. To ensure that the Chairpersonship rotates, upon the completion of a third term serving as Chairperson, a new Chairperson shall be an individual affiliated with another Partner.

**SECTION B. ELECTION.** The officers shall be elected by a majority vote of the Board at its October Meeting. Nominations for such positions shall be received from the Nominations Committee and the floor. The officers shall take office upon election.

**SECTION C. REMOVAL.** An officer may be removed by a two-thirds (2/3) vote of the serving Board.

**SECTION D. THE BOARD CHAIRPERSON SHALL:**

1. Preside at all meetings of the Board
2. Appoint members to all committees and the chairperson thereof with Board confirmation
3. Designate representatives to organizations
4. Be responsible for the preparation and distribution of an agenda prior to the Board Meeting in consultation with the Chief Executive Officer.
5. Sign such documents as are approved by the Board.
6. Perform such other necessary and reasonable responsibilities as pertain to the office of the Board Chairperson.

**SECTION E. THE VICE-CHAIRPERSON SHALL:**

1. Assume the responsibilities and duties of the Chairperson in his/her absence.
2. Perform such other necessary and reasonable responsibilities as pertain to the office of Vice-Chairperson.

**SECTION F. THE SECRETARY SHALL:**

1. Sign the official minutes after approval by the Board.
2. Assume the responsibilities and duties of the Chairperson in the absences of the Chairperson and Vice-Chairperson.
3. Perform such other necessary and reasonable responsibilities as pertain to the office of Secretary.

**ARTICLE VII  
BOARD MEETINGS**

**SECTION A. REGULAR MEETINGS.** The Board shall meet a minimum of six (6) times per year at a time and place specified by the Board in compliance with the Open Meetings Act, 1976 PA 267; MCL 15.261 et seq.

**SECTION B. SPECIAL MEETINGS.** Special meetings may be called at the discretion of the Board Chairperson or upon written request to the Board Secretary by one third of the Board, and shall be conducted in compliance with the Open Meetings Act, 1976 PA 267; MCL 15.261 et seq. All Board members shall be notified of special meetings at least 36 hours in advance by personal delivery, e-mail, fax or telephone, and provided with the agenda.

**SECTION C. QUORUM.** A quorum shall consist of seven (7) members when all thirteen (13) members of the CMHPSM Board are appointed and serving. A majority of the members shall constitute a quorum when there are less than thirteen (13) total members appointed and serving. Every Board member shall vote on all matters, unless excused by the Board Chairperson. The Chairperson shall vote on all matters, unless excused by the Board. A majority of the Board members present shall be required to approve all items except the following, which shall require a two-thirds vote of the full Board.

- a. The hiring and firing of the Chief Executive Officer;
- b. Proposing amendments to these Bylaws

**SECTION D. RULES OF ORDER.** Robert's Rules of Order, the most recent edition, shall govern the Board where applicable.

**SECTION E. PUBLIC.** The public may comment upon recognition by the Chairperson in line with the Open Meetings Act.

## **ARTICLE VIII BOARD COMMITTEES**

**SECTION A. NOMINATIONS COMMITTEE.** Members of the Nominations Committee will be selected by the Board during the month prior to the Board's election of officers.

**SECTION B. OTHER.** Other committees may be established as determined by the Board.

## **ARTICLE IX CMHPSM ADVISORY BOARDS/COUNCILS**

**SECTION A. THE CMHPSM BOARDS/COUNCILS.** The CMHPSM shall have Boards/Councils that are designed to provide advice and consultation to the CMHPSM Board of the Directors, the ROC, the staff of the CMHPSM, and the Partners on a variety of significant issues related to the provision of services to people with mental illness, substance use disorders, intellectual/developmental disabilities, and children and youth with serious emotional disturbances. Membership on the Boards/Councils is determined by relevant state and federal laws, payer contracts, and the Bylaws of each council. Each council shall appoint its own Chairperson.

1. Substance Use Disorders Oversight Policy Board.
  - a. If the CMHPSM is a Department-Designated Community Mental Health Entity, as defined in Section 100a(22) of 2012 P.A. 500, CMHPSM shall create a Substance Use Disorder Oversight Policy Board ("SUD Board") pursuant to MCL



330.1287 of the Mental Health Code, 1974 P.A. 258-2A, through a contract with each of the counties served by the CMHPSM (the “Establishing Agreement”).

b. Composition. The SUD Board shall consist of at least one (1) member appointed by the county board of commissioners for each county served by the CMHPSM and other members called for in the Establishing Agreement.

c. Functions and Responsibilities. The SUD Board shall perform the functions and responsibilities assigned to it in the Establishing Agreement with the counties, which shall include at a minimum:

i. Approval of any CMHPSM budget containing local funds for treatment or prevention of substance use disorders;

ii. Advise and make recommendations regarding CMHPSM budgets for substance use disorder treatment or prevention using other nonlocal funding sources;

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

iv. Any other terms agreed to by the parties to the Establishing Agreement, consistent with authorizing legislation.

## ARTICLE X STAFF

**SECTION A. CHIEF EXECUTIVE OFFICER.** The Board of Directors of the CMHPSM shall appoint and the CMHPSM shall employ a Chief Executive Officer who shall be responsible for the day-to-day operation of the CMHPSM in accordance with the requirements and policies established by the State of Michigan and the Board.

**SECTION B. FISCAL OFFICER.** The CMHPSM shall employ a fiscal officer who shall report to the Chief Executive Officer and shall receive, deposit, invest, and disburse the CMHPSM’s funds in the manner authorized by the Board, and shall have charge and custody over CMHPSM funds and securities, maintain accurate records of CMHPSM receipts and disbursements, deposit all moneys and securities received by the CMHPSM at such depositories in the CMHPSM’s name that may be designated by the Board and perform all duties incident to the office and as assigned by the Chief Executive Officer. The financial officer has the responsibilities set forth in MCL 330.1204b and will be responsible for receiving, depositing, investing and disbursing the CMHPSM’S funds in the manner authorized by these Bylaws and board of directors in accordance with the CMHPSM’S Operating Agreement.

**SECTION C. OTHERS.** Functions required by statute or contract(s) with funding sources may be carried out directly by the CMHPSM, by specific staff of one or more of the Partners

entities as agreed upon by all Partners, or as a delegated function as specified in contracts between the CMHPSM and the Partners.

**ARTICLE XI  
MANAGEMENT AND ACCOUNTABILITY FOR  
ASSETS AND LIABILITIES, AND CONTRACTING**

**SECTION A. REVENUES.** The CMHPSM revenues shall be equitably allocated among the Partners in the following manner:

1. Federal Medicaid funds for the provision of Specialty Services shall be allocated on an actuarially sound basis at funding levels necessitated by the Partner to deliver all medically necessary services to covered individuals; and
2. Federal Block Grant funds shall be allocated according to the contract(s) connected with the Block Grants; and
3. Each CMHSP Partner shall retain and manage local funds, loans, grants, bequests, that are not required for or related to the provision of Medicaid services or to meet local match requirements for Federal Block Grants.

**SECTION B. CAPITAL AND OPERATING COSTS.** The method for allocating and financing the CMHPSM’s capital and operating costs, payment to reserve funds, and payments of principal and interest on obligations shall be in proportion to Article XI., Section A.(1-3) above.

**SECTION C. OTHER ASSETS.** The CMHPSM Board shall direct the method for allocating any other assets, whenever possible, in accordance with Article XI., Section A. (1-3) above.

**SECTION D. SURPLUS FUNDS.** After the completion of the CMHPSM’s purpose as specified in these Bylaws, any surplus funds shall be budgeted to the CMHSP Partners as directed by the CMHPSM Board per Article XI., Section A. (1-3) above.

**SECTION E. CONTRACTS.** The CMHPSM Board shall delineate the parameters in governance policies which the Chief Executive Officer of the CMHPSM may enter into contracts on behalf of the CMHPSM with third parties, including contracts involving the acquisition, ownership, custody, operations, maintenance, lease or sale of real personal property and the deposit, division or distribution of property acquired by the execution of a contract.

**SECTION F. COSTS AND EXPENSES.** The CMHPSM Board will regularly calculate, assess, vote on, and collect from the Partners each Partner’s designated share of the CMHPSM’s cost and expenses prior to making distributions of funds to the Partners, to avoid a Partner’s nonpayment of its designated share of the CMHPSM’s expenses and infringe upon the rights of other Partners.

**SECTION G. SPECIAL FUND ACCOUNT.** The CMHPSM shall not be entitled to a Partner’s special fund account under 226a unless that Partner specifically contracts with the

CMHPSM for such activity or upon the revocation of the Partner’s community mental health services programs certification with the State of Michigan under MCL § 330.1232a.

**SECTION H. STRICT ACCOUNTABILITY OF ALL FUNDS.** There shall be an Annual Audit of all the CMHPSM’s receipts and disbursements. The audit results shall be shared with the CMHPSM Board of Directors, the Partners, and other key stakeholders both as required and requested. Financial reports shall be given to the CMHPSM Board members and the Partners at a frequency to be determined by the CMHPSM Board.

**SECTION I. REGIONAL FINANCING.** The CMHPSM and the Partners shall establish governance policy related to financial matters within the Region, to be set forth in greater detail in the Regional Operating Agreement.

## **ARTICLE XII IMMUNITY/LIABILITY/INSURANCE**

**SECTION A. GOVERNMENTAL IMMUNITY.** All the privileges and immunities from liability and exemptions from laws, ordinances, and rules provided under MCL § 330.1205(3)(b) of the Mental Health Code to county community mental health services programs and their Board members, officers, and administrators, and county elected officials and employees of county government are retained by the CMHPSM and the CMHPSM’s Board members, officers, agents, and employees, as provided in MCL § 330.1204b(4).

**SECTION B. LIABILITY.** Except as required by law, these Bylaws, or any agreement between the Partners or the Partners and the CMHPSM, the Partners shall not be responsible for the acts, omissions, debts or other obligations and responsibilities of the CMHPSM or any other Partner or the Board members, employees, agents and representatives of the CMHPSM or the other Partners, whether acting separately or jointly under these Bylaws or pursuant to any such agreements. The Partners shall only be bound and obligated as expressly agreed to by each Partner and no Partner may otherwise obligate any other Partner.

1. All liability to third parties, loss, or damage as a result of claims, demands, costs, or judgments arising out of activities to be carried out by the CMHPSM shall be the sole and nontransferable responsibility of the CMHPSM, and not the responsibility of the Partner, if the liability, loss, or damage is caused by, or arises out of, the actions or failure to act by the CMHPSM, its Board members, officers, employees or representatives; provided that nothing herein shall be construed as a waiver of any governmental or other immunity that has been provided to the CMHPSM or its Board members, officers, employees or representatives, by statute or court decisions.

2. All liability to third parties, loss, or damage as a result of claims, demands, costs, or judgments arising out of activities to be carried out by the Partner shall be the sole and nontransferable responsibility of the Partner and not the responsibility of the CMHPSM, if the liability, loss, or damage is caused by, or arises out of, the actions or failure to act by the Partner, its Board members, officers, directors, employees and authorized representatives; provided that nothing herein shall be construed as a waiver of any governmental or other immunity that has been

provided to the Partner or its Board members, officers, employees or representatives, by statute or court decisions.

3. Each Partner and the Regional CMHPSM will obtain its own legal counsel and will bear its own costs including judgments in any litigation which may arise out of its activities to be carried out pursuant to its obligations under these Bylaws or any agreement between the Partners or the Partners and the CMHPSM. It is specifically understood that no indemnification will be provided in such litigation.

4. In the event that liability to third parties, loss or damage arises as a result of activities conducted jointly under these Bylaws or any agreement between the Partners or the Partners and the CMHPSM, such liability, loss or damages shall be borne by each party in relation to each party's responsibilities under the joint activities, provided that nothing herein shall be construed as a waiver of any governmental or other immunity granted to any of said parties as provided by applicable statutes and/or court decisions.

5. Under these Bylaws, it is the intent that each of the Partners and the CMHPSM shall separately bear and shall be separately responsible for only those financial obligations related to their respective duties and responsibilities.

6. Insurance. The CMHPSM may purchase and maintain insurance on behalf of any person who is or was an CMHPSM Board member, officer, employee or representative of the CMHPSM, against any liability asserted against the person and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the CMHPSM would have power to indemnify the person against such liability under these Bylaws or the laws of the State of Michigan.

### **ARTICLE XIII REPORT**

**SECTION A. ANNUAL REPORT.** The CMHPSM shall provide an annual report of its activities to each Partner and other stakeholders as required or requested.

**SECTION B. OTHER REPORTS.** Other reports may be required by the Board from time to time and shall be prepared and presented as required by the Board.

### **ARTICLE XIV NON-DISCRIMINATION**

**SECTION A. NON-DISCRIMINATION.** The CMHPSM shall not discriminate against any individual in hiring or promotion, election or appointment to office or directorship, on the basis of race, creed, color, religion, national origin, sex, sexual orientation, age, height, weight, marital status or disability

**ARTICLE XV  
FISCAL YEAR**

The fiscal year of the CMHPSM shall end on September 30.

**ARTICLE XVI  
FILING BYLAWS**

**SECTION A. FILING.** These Bylaws, including any amendment, shall be effective only after being duly adopted in accordance with MCL 330.1204b(1) and subsequently filed with the clerk of each county in which the Partners are located and with the Michigan Secretary of State.

**ARTICLE XVII  
TERMINATION**

**SECTION A. TERMINATION.** The Partners may terminate the CMHPSM by a unanimous vote of the Partners, after distributing any assets, risk reserves or any other surplus funds to the Partners as provided in Article IX of these Bylaws. Any remaining assets not so disposed of shall be disposed of as determined by the Partners or by a court of competent jurisdiction to a governmental CMHPSM as said court shall determine to be organized and operated for purposes similar to those of the CMHPSM.

**ARTICLE XVIII  
AMENDMENTS/MICHIGAN LAWS**

**SECTION A. AMENDMENTS.** Any action by the Partners to amend or repeal these Bylaws, or adopt new Bylaws will require the unanimous vote of the existing Partners in the form of duly adopted written resolutions from their respective governing bodies, to be binding upon the CMHPSM. Notice setting forth the terms of the proposed amendment or repeal shall be given in accordance with any notice requirement for a meeting of the CMHPSM Board of Directors. No amendment to these Bylaws shall be effective until filed as provided in Article XVI.

**SECTION B. CONFLICTS WITH MICHIGAN LAWS.** Conflicts between Michigan statute and these Bylaws shall be governed by Michigan statute.

<b>Community Mental Health Partnership of Southeast Michigan</b>		<b><i>Policy:</i></b> <b><i>CMHPSM CEO Authority – Employee Position Control and Compensation</i></b>	
CMHPSM Board Governance			
Original Board Approval 8/-13/-2014	Date of Board Approval 4/-14/-2021	Date of Implementation 4/-14/-2021	

**I. POLICY / PURPOSE**

It is the policy of the Community Mental Health Partnership of Southeast Michigan (CMHPSM) that the Chief Executive Officer has the necessary decision-making authority to determine, hire and support the human resources necessary to manage the operations of the PIHP and the Regional Board.

This policy shall govern the authority of the Community Mental Health Partnership of Southeast Michigan (CMHPSM) Chief Executive Officer, to assure that the PIHP maintains the appropriate number and classification of staffing to carry out the Regional Board’s purpose, goals and contractual requirements.

**II. REVISION HISTORY**

<b>Revision Date</b>	<b>Modification</b>
8/-13/-2014	Original Board Approval
12/-10/-2014	Standards Letter D. Amended to provide flexibility in negotiating
3/-11/-2020	Revisions to CEO title, Board Review
4/-14/-2021	Annual Board review
<u>4/6/2023</u>	<u>Application change, formatting, purpose/policy combine</u>

**III. APPLICATION POLICY**

~~It is the policy of the CMHPSM that the Chief Executive Officer has the necessary decision-making authority to determine, hire and support the human resources necessary to manage the operations of the PIHP and the Regional Board.~~

This policy applies to the individuals or groups identified with a checkmark in the table below.

<input checked="" type="checkbox"/> <u>CMHPSM PIHP Staff, Board Members, Interns &amp; Volunteers</u>
<input type="checkbox"/> <u>Regional Partner CMHSP Staff, Board Members, Interns &amp; Volunteers</u>
<u>Service Providers of the CMHPSM and/or Regional CMHSP Partners:</u>
<input type="checkbox"/> <u>Mental Health / Intellectual DD Service Providers</u>
<input type="checkbox"/> <u>SUD Treatment Providers</u> <input type="checkbox"/> <u>SUD Prevention Providers</u>
<input type="checkbox"/> <u>Other as listed:</u>

#### IV. DEFINITIONS

Community Mental Health Partnership of Southeast Michigan (CMHPSM): The Regional Entity that serves as the PIHP for Lenawee, Livingston, Monroe and Washtenaw counties for mental health, intellectual/developmental disabilities, and substance use disorder services.

Operating Agreement: The Agreement by and between the CMHPSM Partner CMHSP Boards to set forth the terms and conditions of the operation of the CMHPSM in accordance with the CMHPSM Bylaws and Shared Governance documents.

#### V. STANDARDS

- A. The Chief Executive Officer is responsible for commitments of resources and the organization and control of these resources.
- B. The Chief Executive Officer is responsible for the development and maintenance of employee pay schedules, benefit packages and retirement options.
- C. The Chief Executive Officer is responsible for establishing and determining Human Resource policies, job descriptions, employee classifications, the number of required full time equivalent positions and an employee evaluation and performance pay system in alignment with the approved budget.
- D. The Chief Executive Officer is authorized to negotiate a starting salary that considers approved pay range and total compensation budgeted for the respective positions when the experience and salary of the candidate and market conditions warrant such compensation. Recommendations outside of these parameters will be brought to the Board for approval.
- E. The Chief Executive Officer shall be authorized to hire, supervise and terminate employees consistent with Board approved PIHP operational policies and enter into agreements related to the leasing of PIHP personnel from a CMHPSM Partner or another entity.
- F. The Chief Executive Officer shall be authorized to sign certain contracts covering employee medical/dental, life, and long-term disability insurance, deferred compensation, and trust agreement benefits that are in accordance with previous Board action, and shall file the originals as required.
- G. The Chief Executive Officer shall be authorized to change the job title and description of a position to one of the same or lower classifications when filling a vacancy if he/she believes there is justification.
- H. The Chief Executive Officer shall be authorized to approve the hire of temporary employees when the hiring of temporary personnel would be more cost effective than contractual services.
- I. Proposed changes to the salary schedule, number of employees and classifications that have a budgetary impact will be brought to the Board for approval during the annual budget process.
- J. The Employee Handbook, outlining personnel policies and compensation, will be reviewed and approved annually by the Regional Board.

<b>Community Mental Health Partnership of Southeast Michigan</b>		<b>Policy: Chief Executive Officer General Scope of Authority</b>	
CMHPSM Board Governance			
Original Board Approval 8/13/2014	Date of Board Approval 4/14/2021	Date of Implementation 4/14/2021	

**I. POLICY / PURPOSE**

It is the policy of the [Community Mental Health Partnership of Southeast Michigan \(CMHPSM\)](#) CMHPSM that the Chief Executive Officer has the necessary decision-making authority for decisions relating to how CMHPSM purposes and policies are operationalized and how organizational goals are attained; for decisions involving intermediate and short-range commitment and control of resources; and for PIHP/Regional Entity operations in collaboration with the Regional Operations Committee and the CMHPSM Operating Agreement.

This policy shall govern the authority of the [Community Mental Health Partnership of Southeast Michigan \(CMHPSM\)](#) CMHPSM Chief Executive Officer, as the chief administrative officer of the CMHPSM, to implement approved policies and to provide leadership and management in PIHP/Regional Entity operations to carry out the CMHPSM Board’s overall purpose and goals.

**II. REVISION HISTORY**

<b>Revision Date</b>	<b>Modification</b>
8/13/2014	Original Policy Board Approval
4/1/2020	Revisions to CEO Title, Board Review
4/14/2021	Annual Board review
<a href="#">4/12/2023</a>	

**III. POLICY APPLICATION**

~~It is the policy of the CMHPSM that the Chief Executive Officer has the necessary decision-making authority for decisions relating to how CMHPSM purposes and policies are operationalized and how organizational goals are attained; for decisions involving intermediate and short-range commitment and control of resources; and for PIHP/Regional Entity operations in collaboration with the Regional Operations Committee and the CMHPSM Operating Agreement.~~

This policy applies to the individuals or groups identified with a checkmark in the table below.

<input checked="" type="checkbox"/> <a href="#">CMHPSM PIHP Staff, Board Members, Interns &amp; Volunteers</a>
<input type="checkbox"/> <a href="#">Regional Partner CMHSP Staff, Board Members, Interns &amp; Volunteers</a>
<a href="#">Service Providers of the CMHPSM and/or Regional CMHSP Partners:</a>



<input type="checkbox"/> <a href="#">Mental Health / Intellectual DD Service Providers</a>
<input type="checkbox"/> <a href="#">SUD Treatment Providers</a> <input type="checkbox"/> <a href="#">SUD Prevention Providers</a>
<input type="checkbox"/> <a href="#">Other as listed:</a>

**IV. DEFINITIONS**

Community Mental Health Partnership of Southeast Michigan (CMHPSM): The Regional Entity that serves as the PIHP for Lenawee, Livingston, Monroe and Washtenaw counties for mental health, intellectual/developmental disabilities, and substance use disorder services.

Operating Agreement: The Agreement by and between the CMHPSM Partner CMHSP Boards to set forth the terms and conditions of the operation of the CMHPSM in accordance with the CMHPSM Bylaws and Shared Governance documents.

**V. STANDARDS**

- A. The Chief Executive Officer shall be authorized to approve expenditures and execute contracts for amounts up to \$25,000.
- B. The Chief Executive Officer shall be authorized to sign all contracts above \$25,000 that have been duly approved by the CMHPSM Board and are in conformity with the annual budget.
- C. The Chief Executive Officer shall be authorized to sign and execute all revenue and grant award contracts.
- D. The Chief Executive Officer shall be authorized to sign renewals and/or extensions of leases which have been duly approved by the CMHPSM Board.
- E. The Chief Executive Officer shall be authorized to open, close, and maintain control records of bank accounts with prior approval of the CMHPSM Board.
- F. The Chief Executive Officer shall be authorized to delay the issuance of checks in order to benefit the cash flow and investment levels of the organization.
- G. The Chief Executive Officer shall be the signor of all CMHPSM bank accounts with additional signors to be the Chief Financial Officer and a designee of the Chief Executive Officer.
- H. The Chief Executive Officer shall be the signor of all checks issued by the CMHPSM with additional signors to be the Chief Financial Officer and a designee of the Chief Executive Officer.
- I. The Chief Executive Officer shall be authorized to represent the CMHPSM in negotiating the Medicaid Specialty Supports and Services contracts with the Michigan Department of Health and Human Services (MDHHS) and the CMHSP Partners.
- J. The Chief Executive Officer shall be authorized to communicate with approved legal counsel on PIHP/Regional Entity matters.
- K. The Chief Executive Officer shall be authorized to hire, supervise, and terminate employees consistent with CMHPSM Board approved Board Governance

policies and enter into agreements related to the leasing of CMHPSM personnel from a CMHSP Partner or another entity.

<b>Community Mental Health Partnership of Southeast Michigan</b>		<b>Policy: Conflict of Interest</b>	
CMHPSM Board Governance			
Original Board Approval Date	Date of Board Approval	Date of Implementation	
12/09/2020	4/14/2021	4/14/2021	

**I. POLICY / PURPOSE**

It shall be the policy of the Community Mental Health Partnership of Southeast Michigan (CMHPSM) to require any Covered Person to identify and disclose to CMHPSM's Board of Directors (the Board), any financial or personal Conflict of Interest. Covered Persons should avoid even the appearance of a perceived conflict of interest while fulfilling their required duties to ensure public trust in all CMHPSM processes, remain in compliance with federal and state laws and CMHPSM policy.

**II. PURPOSE**

The purpose of this Conflict of Interest Policy is to protect the CMHPSM's interest when it contemplates entering a transaction or arrangement that might benefit the private interest of a Covered Person. To achieve this objective, this Policy defines Conflict of Interest, identifies individuals covered by this Policy, provides a means for those individuals to disclose information, and outlines procedures for managing conflicts of interest. This policy is intended to supplement, not replace, any applicable state and federal laws governing Conflict of Interest applicable to the CMHPSM.

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**III. REVISION HISTORY**

REVISION DATE	MODIFICATION
12/09/20	This Board Governance policy replaces a CMHPSM Operational Policy last approved on 9/13/2017, that operation policy was rescinded 12/22/2020.
<del>4-14-2021</del>	Annual Board review
<u>4/12/2023</u>	<u>Combined policy/purpose, updated application table</u>

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**III. APPLICATION**

[This policy applies to the individuals or groups identified with a checkmark in the table below.](#)

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<input checked="" type="checkbox"/> <u>CMHPSM PIHP Staff, Board Members, Interns &amp; Volunteers</u>
<input type="checkbox"/> <u>Regional Partner CMHSP Staff, Board Members, Interns &amp; Volunteers</u>
<u>Service Providers of the CMHPSM and/or Regional CMHSP Partners:</u>
<input type="checkbox"/> <u>Mental Health / Intellectual DD Service Providers</u>
<input type="checkbox"/> <u>SUD Treatment Providers</u> <input type="checkbox"/> <u>SUD Prevention Providers</u>
<input type="checkbox"/> <u>Other as listed:</u>

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**IV. DEFINITIONS**

**Compensation.** Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

**Conflict of interest.** A conflict of interest refers to a situation where a Covered Person has a real or seeming incompatibility between one’s financial or personal private interests and the interest of the CMHPSM. This type of situation arises when a Covered person; the Covered Person’s Family member; or the organization that the Covered Person serves as an officer, director, trustee, or employee, has a financial or personal interest in the entity in which the Covered Person participates or proposes to participate in a transaction, arrangement, proceeding or other matter.

**Covered Person.** A “Covered Person” refers to all persons covered by this policy and includes:

- Members of the CMHPSM’s Board (Directors)
- Members of the CMHPSM’s Oversight Policy Board
- Officers of CMHPSM
- Individuals to whom the board has delegated authority
- Employees, agents, or contractors of CMHPSM who have responsibilities or influence over CMHPSM similar to that of officers, directors, or trustees; or who have or share the authority to control \$100 or more of CMHPSM’s expenditures, operating budget, or compensation for employees.

**Family Member** means a spouse, parent, children (natural or adopted), sibling (whole or half-blood), father-in-law, mother-in-law, grandchildren, great-grandchildren, and spouses of siblings, children, grandchildren, great grandchildren, and all step family members, wherever they reside, and any person(s) sharing the same living quarters in an intimate, personal relationship that could affect business decisions of the Covered Person in a manner that conflicts with this Policy.

**Financial Interest.** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- A. An ownership or investment interest in, or serves in a governance or management capacity for, any entity with which CMHPSM has a transaction or arrangement;
- B. A compensation arrangement with CMHPSM or with any entity or individual with which CMHPSM is negotiating a transaction or arrangement; or
- C. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which CMHPSM is negotiating a transaction or arrangement.
- D. A financial interest is not necessarily a conflict of interest. Under Section VI of this Policy, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

**Interested Person.** Any Covered Person, who has a direct or indirect Financial Interest, as defined below, is an interested person.

**Public Officer.** Public officer means a person who is elected or appointed to a position in the CMHPSM, a CMHSP, or some other public entity.

## V. DUTIES OF COVERED PERSONS

**Duty of Care.** Covered Persons' shall act in a reasonable and informed manner and perform their duties for CMHPSM in good faith and with the degree of care that an ordinarily prudent person would exercise under similar circumstances.

**Duty of Loyalty.** Covered Persons' owe a duty of loyalty to act in the best interest of CMHPSM and those who CMHPSM serves. No Covered Person may personally take advantage of a business opportunity that is offered to CMHPSM unless the Board determines not to pursue that opportunity, after full disclosure and a disinterested and informed evaluation.

**Conflicts of Interest.** All Covered Persons shall comply with this Policy when engaging in a transaction or arrangement that involves a Conflict of Interest. All Covered Persons shall:

- Disclose to the Board Chairperson, or any committee chairperson with Board delegated powers, the existence of a Financial Interest in connection with any actual or possible Conflict of Interest.
- Unless a Conflict of Interest Waiver has been granted by the Board, recuse themselves from voting, and being present for deliberations and voting, on any transaction or arrangement involving CMHPSM in which they have a Financial Interest. The Interested Person may respond to Board inquiries necessary for its deliberations and/or decisions.
- Comply with any restrictions or conditions stated in any Conflict of Interest Waiver or within the Board's bylaws.

**Duty to Disclose.** In connection with any actual or possible Conflict of Interest, Interested Persons must disclose the existence of the Financial Interest. They must be given the opportunity to disclose all material facts and answer questions from the Board—and from members of committees with governing board delegated powers—who are considering the proposed transaction or arrangement.

## VI. PROCEDURES

**Determining a Conflict of Interest.** After disclosure of the Financial Interest and all material facts, and after discussion with the Interested Person, the disinterested members of the Board or committee discuss and vote to determine whether a Conflict of Interest exists. The Interested Person must not participate in the discussion, or vote on, whether a Conflict of Interest exists.

**Appointment of Disinterested Person.** If appropriate, the chairperson of the governing board or committee shall appoint a disinterested person or committee to investigate alternatives to the proposed transaction.

**Alternatives.** After exercising due diligence, the CMHPSM Board or committee shall determine whether the CMHPSM can obtain, with reasonable efforts, a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

**Board Vote.** If a more advantageous transaction or arrangement is not reasonably possible, under circumstances that would not produce a conflict of interest, the CMHPSM Board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the CMHPSM's best interest, for its own benefit, and whether it is fair and reasonable. An Interested Person may make a presentation at the CMHPSM board or committee meeting. The Interested Person, however, must not participate in the discussion, or the vote on, the transaction or arrangement involving the conflict of interest.

## VII. VIOLATIONS OF THE CONFLICT OF INTEREST POLICY

**Notice to Interested Person.** If the CMHPSM Board or committee has reasonable cause to believe a Covered Person has failed to disclose actual or possible Conflicts of Interest, it shall inform that person of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

**Taking Appropriate Action.** If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

## VIII. WAIVERS

**Procedure for Waiving a Conflict of Interest.** If, after exercising reasonable efforts, the board determines that it is not able to obtain a more advantageous transaction or arrangement not involving the Interested Person, then the Board may grant a Conflict of Interest waiver. A Conflict of Interest waiver may be granted only if the Board determines that the Financial Interest is not so substantial as to be deemed likely to affect the integrity of the Interested Person's services (see 18 USC §208(b)(1)). A Conflict of Interest waiver further requires a majority vote by the Board to waive the Conflict of Interest and proceed with the proposed transaction or arrangement. A Conflict of Interest Waiver shall be in writing and signed by the chairperson of the Board on CMHPSM's Conflict of Interest Waiver Form (Exhibit B). All Conflict of Interest Waivers shall be issued prior to the Interested Person's participation in any transaction or arrangement with CMHPSM.

**Content of a Waiver of Conflict of Interest** (See 5 CFR 2640.301). If the Board votes to waive the Conflict of Interest and proceed with the proposed transaction or arrangement, the Waiver may still restrict the Interested Person's participation in the matter to the extent deemed necessary by the Board. The Conflict of Interest Waiver may cover all matters the Interested Person may undertake as part of his/her official duties with CMHPSM, without specifically enumerating those duties. The information contained in the waiver, however, should provide a clear understanding of the nature and identity of the Financial Interest, the matters to which the waiver will apply, and the Interested Person's role in such matters.

**Factors for Consideration when Granting a Waiver** (See 5 CFR 2640.301). In determining whether a Financial Interest is substantial enough to be likely to affect the integrity of the Interest Person's services to CMHPSM, the Board may consider, as applicable:

- i. The type of Financial Interest (e.g. stocks, bonds, real estate, cash payment, job offer or enhancement of a family member's employment);
- ii. The identity of the person whose Financial Interest is involved, and if the interest does not belong directly to the Interested Person, the Interested Person's relationship to that person;
- iii. The dollar value of the Financial Interest, if known and quantifiable (e.g. amount of cash payment, salary of job to be gained or lost, change in value of securities);
- iv. The value of the financial instrument or holding from which the disqualifying Financial Interest arises and its value in relationship to the individual's assets;
- v. The nature and importance of the Interested Person's role in the matter including the level of discretion which the Interested Person may exercise in the matter;
- vi. The sensitivity of the matter
- vii. The need for the Interested Person's services (e.g. consider alternatives); and

- viii. Adjustments which may be made in the Interested Person's duties that would eliminate the likelihood that the integrity of the Interested Person's services would be questioned by a reasonable person.

**Waivers Supported by Michigan Law** (See 1968 PA 317, MCL 15.321 to 15.330; 1978 PA 566 MCL 15.183(8))

- A Community Mental Health Services Program (CMHSP) Board member or employee may be a party to a contract with a CMHSP if the contract is between the CMHSP and the CMHPSM.
- A CMHSP Public Officer or public employee may also be a Public Officer or employee of the CMHPSM, even if the CMHPSM has a contract with the CMHSP.
- The CMHPSM Board may approve a contract with a CMHSP, even if a CMHSP Board member is also an employee or independent contractor of the CMHPSM.

**IX. RECORDS OF PROCEEDINGS**

The minutes of the CMHPSM board and committees with board delegated powers shall contain:

**Names of Covered Persons.** The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the CMHPSM's Board or committee's decision as to whether a conflict of interest in fact existed.

**Names of persons present.** The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

**Waiver of conflict of interest.** If the Board grants a waiver of a Conflict of Interest, the waiver shall be in writing and shall be signed by the Chairperson of the Board. The writing shall describe the financial interest, the transaction or arrangement to which the Financial Interest applies, the Interested Person's role in the transaction or arrangement, and any restriction on the Interested Person's participation in the proceeding, transaction or matter.

**X. COMPENSATION COMMITTEES**

**Precluded from voting.** A voting member of the CMHPSM Board or of any committee whose authority includes compensation matters, and who receives compensation, directly or indirectly, from the CMHPSM for services is precluded from voting on matters pertaining to that member's compensation.



**Providing information.** No voting member of the CMHPSM Board or any committee whose authority includes compensation matters and who receives compensation, directly or indirectly, from the CMHPSM, either individually or collectively, is prohibited from providing information to the Board or any committee regarding compensation.

## **XI. ANNUAL FINANCIAL INTEREST DISCLOSURE STATEMENT**

Annually, on a date to be determined by the Board, each Covered Person shall sign and date a statement which affirms that the signor:

- Has received a copy of this Conflict of Interest Policy;
- Has read and understands the Policy;
- Has agreed to comply with the Policy;
- Has disclosed on the CMHPSM Financial Interest Disclosure Statement (Exhibit A) all Financial Interests which the signor may currently have; and
- Will complete a new, updated, Financial Interest Disclosure Statement if the information changes and/or a new Financial Interest arises.

## **XII. REFERENCES/LEGAL AUTHORITIES**

### **Federal:**

- INTERNAL REVENUE SERVICE, *Instructions for Form 1023 (01/2020), Appendix A: Sample Conflict of Interest Policy*, last accessed October 2020 at <https://www.irs.gov/instructions/i1023>.
- SSA Section 1902(a)(4)(C) and (D)
- 41 USC Chapter 21 (formerly 41 USC 423 –ch. 27 of the Office of Federal Procurement Policy Act—restrictions on obtaining and disclosing certain information)
- 18 USC §208 (Federal Conflict of interest statute)
- 5 CFR §2540.201 (Waivers issued pursuant to 18 USC 208)
- 5 CFR Part 2640 (Interpretation, Exemptions and Waiver Guidance concerning 18 USC 208)
- 42 USC 1396a (Federal Medicaid statute- State plans for medical assistance)
- 42 CFR §438.58 (Conflict of Interest Safeguards)
- 45 CFR Part 74 (Administrative requirements for awards to non profit organizations and local governments)
- 45 CFR Part 92 (Federal procurement regulations)
- 42 CFR 455 Subpart B - Board disclosure of interest statement
- 42 CFR 1001.1001(a)(1) (Reporting to state)

### **Michigan:**

- 1978 PA 566; MCL 15.181 to 15.185 (Incompatible public offices)
- Mental Health Code Act 258 of 1974, MCL 330.1222 (Board composition)
- 1968 PA 318, MCL 15.301 to 15.310 (Conflict of Interest in contracts between state officers and political subdivisions)

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- 1968 PA 317, MCL 15.321 to 15.330 (contracts of public servants with public entities)
- 1973 Act 196 MCL 15.341 to 15.348 (code of ethics for public officers and employees)
- Michigan Medicaid State Plan
- 1972 PA 284, MCL 450.1541a (duties of care and loyalty)

**EXHIBIT A**  
**COMMUNITY MENTAL HEALTH PARTNERSHIP OF SOUTHEAST MICHIGAN  
(CMHPSM)**  
**FINANCIAL INTEREST DISCLOSURE STATEMENT**

**Definitions**

**Compensation.** Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

**Covered Person.** A “Covered Person” refers to all persons covered by this policy and includes:

- Members of the CMHPSM’s Board (Directors)
- Members of the CMHPSM’s Oversight Policy Board
- Officers of CMHPSM
- Individuals to whom the board delegated authority
- Employees, agents, or contractors of CMHPSM who have responsibilities or influence over CMHPSM similar to that of officers, directors, or trustees; or who have or share the authority to control \$100 or more of CMHPSM’s expenditures, operating budget, or compensation for employees.

**Conflict of interest.** A conflict of interest refers to a situation where a Covered Person has a real or seeming incompatibility between one’s financial or personal private interests and the interest of the CMHPSM. This type of situation arises when a Covered person; the Covered Person’s Family member; or the organization that the Covered Person serves as an officer, director, trustee, or employee, has a financial or personal interest in the entity in which the Covered Person participates or proposes to participate in a transaction, arrangement, proceeding or other matter.

**Family Member** means a spouse, parent, children (natural or adopted), sibling (whole or half-blood), father-in-law, mother-in-law, grandchildren, great-grandchildren, and spouses of siblings, children, grandchildren, great grandchildren, and all step family members, wherever they reside, and any person(s) sharing the same living quarters in an intimate, personal relationship that could affect business decisions of the Covered Person in a manner that conflicts with this Policy.

**Financial Interest.** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- A. An ownership or investment interest in, or serves in a governance or management capacity for, any entity with which CMHPSM has a transaction or arrangement;
- B. A compensation arrangement with CMHPSM or with any entity or individual with which CMHPSM is negotiating a transaction or arrangement; or
- C. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which CMHPSM is negotiating a transaction or arrangement;

D. A financial interest is not necessarily a conflict of interest. Under Article III, section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

**Affirmation of Conflict of Interest Policy**

By my signature below, I agree that I:

Have received a copy of the CMHPSM’s Conflict of Interest Policy;

Have read and understand the CMHPSM’s Conflict of Interest Policy;

Understand that I am a Covered Person under the Conflict of Interest Policy;

Agree to comply with the CMHPSM’s Conflict of Interest Policy;

Have disclosed below all Financial Interests which I may have; and

Will update the information I have provided on this Statement in the event that the information changes and/or a new Financial Interest arises.

**Disclosure of Financial Interests**

By my signature below, I certify that I or one of my Family Members has the Financial Interest(s) described below. (Please attach additional pages, if necessary.) I understand that the CMHPSM’s Board may request further information about the Financial Interests described below, and that I agree to cooperate with providing such information. If I have not disclosed any information below, it is because I am not aware that I or any of my Family Members has a Financial Interest.

**Disclosure #1**

Name and Contact Information for Individual with Financial Interest:

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Individual’s Relationship to You:  Self  
 Other, specify:

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Description of Financial Interest:

**Disclosure #2**

Name and Contact Information for Individual with Financial Interest:

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Individual's Relationship to You:  Self  
 Other, specify:

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Description of Financial Interest:

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Disclosure #3

Name and Contact Information for Individual with Financial Interest:

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Individual's Relationship to You:  Self  
 Other, specify:

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Description of Financial Interest:

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I certify that the above information is accurate and complete to the best of my knowledge, information and belief.

---

---

Signature

Date

---

Typed or Printed Name

---

Title/Position with Entity

**Please return this form, signed and dated, to the Entity's Chief Executive Officer.**

**EXHIBIT B**

**COMMUNITY MENTAL HEALTH PARTNERSHIP OF SOUTHEAST MICHIGAN  
CONFLICT OF INTEREST WAIVER**

**Review of the Disclosed Financial Interest**

In accordance with the requirements of the Community Mental Health Partnership of Southeast Michigan’s (the “Entity”) Conflict of Interest Policy, the Entity Board has undertaken appropriate due diligence review and deliberation regarding the Financial Interest disclosed by [Interested Person] on the Financial Interest Disclosure Statement (the “Statement”) attached as Exhibit A.

**Board Resolution Granting Conflict of Interest Waiver**

At the conclusion of such due diligence review and deliberation, at its meeting on [Date], the Board passed the resolution attached as Exhibit B in which it determined that it is not, with reasonable efforts, able to obtain a more advantageous arrangement from a person other than [Interested Person] and the Financial Interest disclosed on the Statement is not so substantial as to be likely to affect the integrity of services which the Entity may expect from [Interested Person] and granted this Conflict of Interest Waiver under the terms described below.

**Conflict of Interest Waiver Terms and Conditions**

**Name of Interested Person:**

**Description of Financial Interest:**

**Description of the Transaction, Arrangement, Proceeding or Matter to which the Financial Interest Applies:**

**Interested Person’s Role in the Transaction, Arrangement, Proceeding or Matter**

**Scope of Waiver and Restrictions, if any:**

This Conflict of Interest Waiver shall cover all matters [Interested Person] may undertake as part of his/her official duties with the Entity concerning any matters arising between the Entity and the [the organization in which the Interested Person has an interest].

\_\_\_\_\_  
Chairperson of the Board

Date: \_\_\_\_\_

\_\_\_\_\_  
(Print Name)

<b>Community Mental Health Partnership of Southeast Michigan</b>		<b>Policy:</b> <b>Financial Stability &amp; Risk Reserve Management</b>
<b>CMHPSM Board Governance</b>		
Original Board Approval 8/9/2017	Date of Board Approval 5/12/2021	Date of Implementation 6/1/2021

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**I. POLICY / PURPOSE**

It is the policy of the Community Mental Health Partnership of Southeast Michigan (CMHPSM) to manage funding from the State of Michigan consistent with State Contracts, 2 CFR 200 Uniform Guidance, and prudent financial practices.

**II. REVISION HISTORY**

Revision Date	Modification
8/9/2017	Original Board Approval
5/13/2020	Reviewed
5/12/2021	Reviewed and Updated
4/12/2023	Proposed edits new application table, reporting clarification

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**III. SCOPE APPLICATION**

The Financial Stability & Risk Reserve Management policy applies to all Community Mental Health Service Programs (CMHSPs) and Substance Use Disorder (SUD) Core Providers affiliated with the CMHPSM.

This policy applies to the individuals or groups identified with a checkmark in the table below.

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<input checked="" type="checkbox"/> CMHPSM PIHP Staff, Board Members, Interns & Volunteers
<input checked="" type="checkbox"/> Regional Partner CMHSP Staff, Board Members, Interns & Volunteers
Service Providers of the CMHPSM and/or Regional CMHSP Partners:
<input type="checkbox"/> Mental Health / Intellectual DD Service Providers
<input type="checkbox"/> SUD Treatment Providers <input type="checkbox"/> SUD Prevention Providers
<input type="checkbox"/> Other as listed:

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**IV. OBJECTIVES**

The primary objectives of the Financial Stability & Risk Reserve Management policy are to protect the financial stability of the Region, to ensure sufficient funding is available to deliver medically necessary services to cConsumers / individuals served

~~who are served~~ within the CMHPSM [region](#) and to ensure compliance with State contract [requirements](#).

**V. STANDARDS**

The CMHSPs shall have a sufficient capacity of staff and/or contracted service providers to ensure that medically necessary services can be furnished to ~~c~~consumers / [individuals served](#) promptly and without compromise to quality of care at a reasonable cost. Utilizing a person-centered individual plan of service, the CMHSPs shall provide, or authorize the provision of services in the amount, for the duration, and with a scope that is appropriate to reasonably achieve the medical necessity associated with each authorized service for the ~~c~~consumer [individual served](#).

As it pertains to this Policy, the CMHPSM Chief Financial Officer (CFO) will be responsible for maintaining effective communications with the Finance Officers of the CMHSPs and SUD Core Providers in order to obtain up-to-date financial information as noted below. The CMHPSM CFO will communicate this information and advise the CMHPSM Chief Executive Officer on its impact on the financial status of the Regional Entity. The CMHPSM CEO will ensure that the appropriate level of financial status details is made available to the CMHPSM Regional Board of Directors in a timely manner.

In order to achieve the objectives of this Policy, the following standards and practices will be followed:

**A. BUDGET PROCESS**

- CMHSP budgets will be developed using revenue projections proposed by the CMHPSM and reviewed by the Regional Finance Committee and Regional Operations Committee.
- CMHPSM Regional Board approval of the CMHPSM budget is required prior to funding being made available to the CMHSPs.
- Budgeted expenditures at the CMHSPs will not exceed the revenue projections as denoted in the most current CMHPSM Regional Board approved budget.
- Budget amendments will be presented to the CMHPSM Regional Board as recommended by the Regional Finance Committee and the Regional Operations Committee.
- If significant changes such as new service provision modalities, administrative operations, labor agreements, etc. are anticipated in an upcoming budget year, detailed projected financial information should be provided in advance to the CMHPSM prior to inclusion in an upcoming budget.
- The CMHPSM shall develop an internal PIHP administrative budget sufficient to maintain compliance with the PIHP Medicaid Managed Specialty Supports and Services Contract with the Michigan Department of Health and Human Services.
- The budgets of the CMHSPs shall include budgeted expenses related to the PIHP managed care functions that have been delegated to the CMHSP from the CMHPSM



- The total CMHPSM budget, including the PIHP administration budget, must be in balance with the revenues that are projected to be received from the Michigan Department of Health and Human Services (MDHHS). Any utilization of non-current year revenue sources such as carryforward, Medicaid savings or ISF funds will be specifically identified within the budget brought to the CMHPSM Board for review and approval.

**B. REPORTING**

- The CMHPSM and CMHSPs must produce accurate reports of their fiscal year-to-date (FYTD) actual expenditures versus their annual budget in a traditional Revenue and Expense format, as well as a FYTD Fund Source Report on a monthly basis, fund sources shall be delineated by: Medicaid, Healthy Michigan Plan, C-Waiver programs, and Autism funding by reporting monthly expenditures delineated by Medicaid and Healthy Michigan Plan funding categories. The CMHSPs will provide this and other requested financial data to the CMHPSM according to an established and agreed upon schedule as approved by ROC. The CMHPSM CFO is responsible for communicating the agreed upon schedule to the CMHSPs and collecting and summarizing regional finance reports.
- PIHP expenditure information will be reviewed with the CMHPSM Board at its monthly Board meeting in order to keep the Board apprised of the financial condition of the Region. The CMHPSM shall present CMHSP financial data on a regular basis to inform the Board of CMHSP financial issues that could present a risk to the overall fiscal health of the Region.

**C. SIGNIFICANT VARIANCES TO BUDGET**

- It is important that resources be distributed in an equitable manner throughout the region to ensure services are available to all individuals that are eligible. If CMHSP FYTD financial reports indicate that significant underspending or overspending is occurring at a CMHSP, then that CMHSP will be required to submit a written report to the PIHP that explains the variance. A significant amount of underspending or overspending shall be defined as:
  - A 5% or greater variance from the most recent Board approved budget revenue for an individual CMHSP.
  - A CMHSP variance that is individually within 5% of their annual budgeted revenue but is not in alignment with the regional budget variance trend by 5% or greater. (For example: a single CMHSP is overspending their budgeted revenue at 4%, but the regional variance is trending at an underspend of 3%, thus the CMHSP is 7% off of the regional trend.)
  - A cumulative budget variance of more than 3% when combining the regional CMHSPs and PIHP service and administrative expense budgets. (For example: all four CMHSPs are overspending their budget by 3% would necessitate the utilization of ISF during the fiscal year.
- PIHP staff will present the CMHSP explanation to the CMHPSM Board related to significant underspending or overspending after analysis at the Regional Finance Committee meeting. Similarly, the CMHPSM will present

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- an explanation to the CMHPSM Board when significant underspending or overspending is occurring within the PIHP internal administrative budget.
- A corrective action may be required by the CMHPSM Board when significant underspending or overspending occurs within the Region.
  - If a corrective action plan is required and the required goals are not met in a timely basis, then the PIHP shall conduct an operational review of the CMHSP.
    - An operational review may include examinations of the contracts, costs, level of Consumer service provision and other items as deemed necessary to understand the overspending or underspending situation.
    - An initial consultative review lead by the CMHPSM will be conducted by individuals from the CMHPSM, as well as all CMHSPs, who are recognized as subject matter experts in the areas that will be reviewed.
    - If the initial consultative review assessment indicates that the issues are structural and not able to be resolved within the current year, then external consultants may be utilized to aid with the development of a corrective action plan that will resolve the budget issue.
    - Recommendations to address a shortfall at one of the CMHSPs may include the redistribution of available funds within the region, if the use of such funding does not adversely impact the delivery of services within the Region.
    - Recommendations may also include the use of available Internal Service Fund (ISF) in the present year, if there are significant revenue changes by the State, new high-cost [cConsumers / individuals served](#)-enrolled by a CMHSP, increased utilization or changes to the State's requirement on how services are to be provided to [Consumersconsumers / individuals served](#).
    - If the consultative review assessments determine that a significant budget variance is derived from a local CMHSP's financial management factors, that CMHSP would be required to submit a budget for the following fiscal year that would not require the ongoing use of ISF revenue.
    - Corrective Action Plans may include the consideration of alternative sourcing options for service provision or other financial actions which would not disrupt the provision of services.
  - The Regional Operations Committee may recommend to the CMHPSM Board that the PIHP conduct a targeted financial/operational review of a CMHSP to the CMHPSM Board when an emerging financial concern projects to negatively impact the region's financial stability. The CMHPSM Board may approve such a targeted financial and operational review without first requiring a corrective action plan.

#### **D. UTILIZATION OF INTERNAL SERVICE FUND BALANCE**

- The ISF shall primarily be utilized to hold funds necessitated by the CMHPSM risk management strategy relative to the shared risk corridor with MDHHS. Generally, use of the ISF should only be requested if there are significant unexpected changes during a fiscal year which can't be managed regionally within current year revenue. Potential current year ISF utilization will be reviewed initially at the Regional Finance Committee. Examples of significant

unexpected changes include regional revenue not meeting projections, service delivery that exceeds projected medical necessity, expansion of service benefits or beneficiaries, and other appropriate variances as reviewed by the Regional Operations Committee.

- The ISF should be the option of last resort to address present fiscal year budget overruns. The Regional Operations Committee will review all utilization of the ISF on a regional basis.
- The utilization of ISF resources will be brought to the CMHPSM Board for approval during the initial or amended budget processes.

**VI. DEFINITIONS**

Balanced Budget: A budget in which expenses are equal or less than the estimated or projected revenue.

Community Mental Health Partnership of Southeast Michigan (CMHPSM): The Regional Entity that serves as the Prepaid Inpatient Health Plan for Lenawee, Livingston, Monroe and Washtenaw counties for mental health, intellectual/developmental disabilities, and substance use disorder services.

Community Mental Health Service Program (CMHSP): Separate legal entities that the CMHPSM contracts with for the provision of Medicaid services to residents of the Counties served by the CMHPSM.

Generally Accepted Accounting Principles: Accounting principles that are the standards, conventions, and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements.

Internal Service Fund (ISF): The Internal Service Fund (ISF) is one method for securing funds as part of the overall strategy for covering risk exposure under the MDHHS/PIHP Medicaid Managed Specialty Supports and Services Contract. The ISF should be kept at a minimum to assure that the overall level of PIHP funds are directed toward consumer services.

2 CFR 200 - Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.

Regional Operating Committee (ROC): Committee comprised of the Executive Directors of the CMHSPs and the CEO of the CMHPSM.

**VII. REFERENCES**

1. Agreement Between Michigan Department of Health and Human Services And PIHP: CMH PARTNERSHIP OF SOUTHEAST MI for The Medicaid Managed Specialty Supports and Services Concurrent 1915(b)(c) and 1115 Waiver Program(s), and the Healthy Michigan Program.

2. 2 CFR 200 - Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.

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3. Agreements Between CMHPSM And the Lenawee, Livingston, Monroe, and Washtenaw County CMHSPs For the Provision of Medicaid Services to Residents of Their Respective Counties

<b>Community Mental Health Partnership of Southeast Michigan</b>		<b>Policy:</b>	
		<b>Investing</b>	
<b>CMHPSM Board Governance</b>			
Original Board Approval 5/15/2014	Date of Board Approval 4/14/2021	Date of Implementation 4/14/2021	

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**I. POLICY / PURPOSE**

It is the policy of the Community Mental Health Partnership of Southeast Michigan (CMHPSM) to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow needs of the CMHPSM and comply with all State Statutes governing the investment of public funds.

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**II. REVISION HISTORY**

Revision Date	Modification	Implementation Date
5/14/2014	Original Board Approval	5/15/2014
5/13/2020	Revisions to CEO title, annual Board review	5/13/2020
4/14/2021	Annual Board review	4/14/2021
4/12/2023	Template update, application clarification,	

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**III. SCOPE/APPLICATION**

This policy applies to the individuals or groups identified with a checkmark in the table below.

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<input checked="" type="checkbox"/> CMHPSM PIHP Staff, Board Members, Interns & Volunteers
<input type="checkbox"/> Regional Partner CMHSP Staff, Board Members, Interns & Volunteers
<u>Service Providers of the CMHPSM and/or Regional CMHSP Partners:</u>
<input type="checkbox"/> Mental Health / Intellectual DD Service Providers
<input type="checkbox"/> SUD Treatment Providers <input type="checkbox"/> SUD Prevention Providers
<input type="checkbox"/> Other as listed:

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This investment policy applies to all financial assets of the CMHPSM. These assets are accounted for in the various funds of the CMHPSM and may include General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Enterprise Funds, Internal Service Funds and any new fund established by the CMHPSM.

**IV. OBJECTIVES/STANDARDS**

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This investment policy applies to all financial assets of the CMHPSM. These assets are accounted for in the various funds of the CMHPSM and may include General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Enterprise Funds, Internal Service Funds and any new fund established by the CMHPSM.

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**IV. A. OBJECTIVES**

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The primary objectives, in priority order, of the CMHPSM's investment activities shall be:

Safety – Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio.

Diversification – The investments will be diversified by security type and institution in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Liquidity – The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

Return on Investment – The investment portfolio shall be designed with the objective of obtaining a rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

**V. B. DELEGATION OF AUTHORITY TO MAKE INVESTMENTS**

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Authority to manage the investment program is derived from the Michigan Mental Health Code, Act 258 of the Public Acts of 1974 as amended Chapter 2 section 330.1205 (4) (g). Management responsibility for the investment program is hereby delegated to the Chief Executive Officer or their designee, who shall establish written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, collateral/depository agreement and banking service contracts. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Chief Executive Officer or their designee. The Chief Executive Officer or their designee shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities or subordinate officials.

**VI. C. LIST OF AUTHORIZED INVESTMENTS**

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The CMHPSM is limited to investments authorized by Public Act 20 of 1943, as amended with the exception of mutual funds having a fluctuating per share value.

**vii.D. SAFEKEEPING AND CUSTODY**

All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by the CMHPSM shall be on a cash (or delivery vs. payment) basis. Securities may be held by a third-party custodian designated by the Chief Executive Officer or their designee and evidenced by safekeeping receipts as determined by the Chief Executive Officer or their designee. Quarterly reports on the [funds held in](#) investments will be reviewed with the CMHPSM Board.

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**viii. E. PRUDENCE**

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

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**ix.V. DEFINITIONS**

Community Mental Health Partnership of Southeast Michigan (CMHPSM): The Regional Entity that serves as the PIHP for Lenawee, Livingston, Monroe and Washtenaw counties for mental health, intellectual/developmental disabilities, and substance use disorder services.

Generally Accepted Accounting Principles: Accounting principles that are the standards, conventions, and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements.

**x.VI. EXHIBITS**

1. Acknowledgement of Receipt of Investment Policy and Agreement to Comply Form

**xi.VII. REFERENCES**

1. Michigan Mental Health Code, Act 258 of the Public Acts of 1974 as amended Chapter 2 section 330.1205 (4) (g)
2. Public Act 20 of 1943, as amended

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EXHIBIT 1

ACKNOWLEDGEMENT OF RECEIPT OF THE COMMUNITY MENTAL HEALTH PARTNERSHIP OF SOUTHEAST MICHIGAN (CMHPSM) INVESTMENT POLICY AND AGREEMENT TO COMPLY FORM

I, \_\_\_\_\_, do hereby acknowledge receipt of the CMHPSM's Investment Policy.

I further agree to comply with the requirements of Public Act 20 of 1943, as amended, and the Investment Policy of the CMHPSM. Any investment not conforming with the statute or the policy will be disclosed promptly to the CMHPSM Chief Executive Officer and its Board.

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
Type or Print Name and Title

\_\_\_\_\_  
Date



<b>Community Mental Health Partnership of Southeast Michigan</b>		<b><i>Policy: Procurement of Goods and Services</i></b>	
CMHPSM Board Governance			
Original Board Approval 5/14/2014	Date of Approval 4/14/2021	Date of Implementation 4/14/2021	

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**I. POLICY / PURPOSE**

~~To establish a policy and standards that the CMHPSM will abide by based upon current federal, state, and all other applicable regulations when purchasing goods and/or services. It is the policy of the CMHPSM that all procurement of goods and services will follow all federal and state regulations, the standards outlined in this policy and/or any other related CMHPSM operational policies. The CMHPSM will utilize procurement processes that are fair and competitive, allowing the organization to conduct business in the most efficient, cost-effective manner as good stewards of public funding.~~

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**II. REVISION HISTORY**

Revision Date	Modification
9/13/2017	Updated to reflect 42 CFR.
5/13/2020	Updated to reflect CEO title change, and Board review
8/12/2020	Updated to reflect current 2 CFR 200.318-326
4/14/2021	Annual Board review
4/12/2023	Formatting, micro purchase threshold update, update Exhibit B: 2 CFR

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**III. APPLICATION**

~~This policy applies to the individuals or groups identified with a checkmark in the table below.~~

<input checked="" type="checkbox"/> CMHPSM PIHP Staff, Board Members, Interns & Volunteers
<input type="checkbox"/> Regional Partner CMHSP Staff, Board Members, Interns & Volunteers
Service Providers of the CMHPSM and/or Regional CMHSP Partners:
<input type="checkbox"/> Mental Health / Intellectual DD Service Providers
<input type="checkbox"/> SUD Treatment Providers <input type="checkbox"/> SUD Prevention Providers
<input type="checkbox"/> Other as listed:

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**POLICY**

~~It is the policy of the CMHPSM that all procurement of goods and services will follow all federal and state regulations, the standards outlined in this policy and/or any other related CMHPSM operational policies. The CMHPSM will~~

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~~utilize procurement processes that are fair and competitive, allowing the organization to conduct business in the most efficient, cost-effective manner as good stewards of public funding.~~

**IV. DEFINITIONS**

Community Mental Health Services Program (CMHSP) – An agency formed under Act 258 of the Public Acts of 1974 as amended (the Mental Health Code) responsible for the delivery of mental health services.

FAR – Federal Acquisition Regulations Volume I & II

Micro-Purchase Threshold – procurement of goods or services in which the aggregate amount does not exceed the micro-purchase threshold of \$103,000.00. FAR Subpart 2.1

P.O. – Purchase Order, purchase orders are used for purchases and contracts over \$103,000.00.

RFP – Request for Proposals

RFI – Request for Information

RFQ – Request for Quotes

Specialty Service Contract – CMHPSM contract with direct service providers of mental health or substance use disorder services, other than CMHPSM-CMHSP agreements.

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**V. STANDARDS**

**A. CMHPSM Procurement Thresholds**

1. All CMHPSM staff will follow the appropriate approval process and meet all requirements identified for each amount and type of purchase or contract. CMHPSM procurement thresholds are found in Exhibit A.

a. No procurement thresholds will be manipulated through multiple purchase orders, separate contracts or any other method to artificially stay beneath the cost limit of the threshold.

b. Procurement thresholds for purchases of goods, supplies or materials relates to single purchases from a single vendor at one point in time.

c. Procurement thresholds for purchases of services with a contract relate to the term of the contract (if the term is less than one year), or relate to the current fiscal year.

d. All purchases of goods and services over \$103,000.00 require a purchase order or contract.

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- e. Equipment or asset purchases over \$105,000.00 per unit or item will be depreciated according to GAAP.

**B. Credit Card Utilization**

- 1. Credit card purchases can be used only within the micro purchase threshold and must follow the CMHPSM Issuance and Use of Credit Cards Policy. The use of credit cards for low-cost or quantity purchases, especially in the case of infrequently used vendors, is the preferred purchase method to reduce administrative costs in the Finance Department.

**C. Code of Ethics**

- 1. All CMHPSM employees will conduct CMHPSM business operations in an ethical manner which meets the standards of all applicable laws, regulations and CMHPSM policies and procedures.
- 2. Gifts from vendors and contractors- The CMHPSM Board members, CMHPSM Chief Executive Officer and any CMHPSM employees involved in the procurement or contract development processes are not able to accept gifts of any value from potential or current contractors or vendors.

**D. Procedures and Forms**

- 1. CMHPSM Staff will utilize the most recent versions of any procurement, contract request, credit card pre-approval or any other relevant forms. All forms developed for procurement within the CMHPSM shall meet the standards and regulations referenced in this policy.

**E. Informal Procurement**

- 1. CMHPSM staff procuring goods or services within the Micro-Purchase Threshold are not required to utilize, but can use an informal procurement process such as: obtaining multiple verbal bids, utilizing a preferred vendor with reduced government pricing, etc. CMHPSM staff are to be good stewards of public funds, and to provide the best value to the CMHPSM organization as a whole.

**F. Formal Competitive Procurement**

- 1. Procurement of goods and services that exceed the Micro-Purchase Threshold must utilize formal procurement procedures, unless a bid waiver is approved by the Chief Executive Officer. Formal procurement procedures include the following:
  - a. *Procurement of Goods, Administrative & Professional Services, Leases or Other Non- Specialty Service Contracts* – CMHPSM will utilize appropriate approvals, procurement processes and regulations related to

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non-specialty services. RFPs, RFQs and RFIs may be used as outlined in the standards of this policy.

b. Procurement of Specialty Service Contracts – All MDHHS rules and regulations outlined in the MDHHS-CMHPSM agreements will be followed by the CMHPSM when contracting for any specialty service contracts. Specialty service contracts are used for all clinical service provision agreements, including Mental Health and Substance Use Disorder services, excluding CMHPSM to CMHSP agreements. Procurement of specialty service contracts must utilize one of the following procurement methods in conjunction with an RFP, RFQ or RFI, unless a bid waiver is approved by the Chief Executive Officer.

i. Selective Contracting – CMHPSM may purchase services from a limited number of providers who agree to fulfill contractual obligations for an agreed upon price. The managing entity identifies the specific services to be provided, seeks proposals price bids, and awards contracts to the best bidders. Contracts are let only with a sufficient number of providers to assure adequate access to services. The prospect of increased volume induces providers to bid lower prices.

ii. Procurement to Obtain Best Prices Without Selective Contracting – Under an "any willing and qualified provider" process, bids can be solicited and used to set prices for a service, and then contracts or provider agreements can be offered to any qualified provider that is willing to fulfill the contract and meet the bid price.

c. RFP/RFQ/RFI – Requests for Proposals, Quotes or Information are used to fairly procure goods and services in certain situations

i. Requests for Information – RFIs are used primarily for pilot programs, system development or a service that is unfamiliar to the CMHPSM. Respondents are asked to propose information, asked to identify a problem and provide a solution or propose a unique solution to an issue. A RFI is often used in conjunction with a RFQ.

ii. Requests for Quotes – RFQs are usually used when the CMHPSM has identified a specific need for a good or service and is requesting a total project cost, service rate or cost structure. RFQs can be used or are often used after an RFI is issued to complete the procurement process.

iii. Requests for Proposals – RFPs are used when more information than solely service cost is requested from respondents. RFPs often require respondents to write a proposal which answers narrative questions, provides cost or rate information and describes vendor experience or expertise in particular fields or projects.

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iv. **Regulations** – RFPs, RFQs and RFIs will follow all applicable Federal Acquisition Regulations, specifically FAR Subpart 15. The CMHPSM will follow all FAR regulations related to solicitation, competition, evaluation, award documentation and retention of competitive procurement.

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- 1) **Electronic Notification** – CMHPSM staff will utilize the most cost- effective, efficient means for notification and solicitation of competitive procurement. In most cases electronic bid notification systems will be used.
- 2) **Retention** – CMHPSM will follow state of Michigan guidelines related to the retention of RFP materials, specifically General Retention Schedule #20: Community Mental Health Services Programs.

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**G. Bid Waiver or Non-competitive Procurement**

1. A non-competitive process may be used in the following situations:

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- a. The service is available only from a single source.
- b. There is a public exigency or emergency that will not permit a delay for a competitive bid.
- c. After solicitation of a number of sources, competition is determined to be inadequate.
- d. The services involved are professional (clinical) services of limited quantity or duration.
- e. The services involved are professional (administrative) services which do not constitute comprehensive management services or significant automated data processing services.
- f. The services are unique and/or the selection of the service provider has been delegated to the consumer / individual served under a self-determination program.
- g. The services are existing residential services where continuity of care arrangements is of paramount concern.
- h. With other public entities in accordance with the Intergovernmental Contract Act 35 of 1951.

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**H. Best Value and Quality Determinations**

1. CMHPSM can utilize measures such as: best value, service or material quality, organizational references, past organizational performance and/or

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CMHPSM staff experience, rather than relying solely on the lowest cost bidder in any procurement determinations.

**I. Federal Funding Eligibility (Debarment, State Eligibility)**

- 1. Whether a competitive procurement or noncompetitive solicitation process is used, the managing entity must ensure that organizations or individuals selected and offered contracts have not been previously sanctioned by the Medicaid program resulting in prohibition of their participation in the program. Individuals and organizations contracting with the CMHPSM must be verified to be eligible for federal participation prior to purchasing goods or services by meeting the following standards: Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or PIHP; Have not—within a three-year period preceding this agreement—been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; Violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property; Are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state or local) with commission of any of the offenses enumerated above; Have not—within a three-year period preceding an agreement— had one or more public transactions (federal, state or local) terminated for cause or default.

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**J. Federal & State Requirements**

- 1. CMHPSM will ensure full compliance with all of the applicable: Federal CFR regulations, including 2 CFR 200.318-326 as appended, OMB Circulars and any other federal, state or local laws or regulations. The CMHPSM will also ensure compliance with its current Medicaid Agreement with the State of Michigan and the Michigan Medicaid Manual. Federal Acquisition Regulations, CFR regulations and OMB circulars will guide any procurement issues not specifically addressed in the standards of this policy.

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**K. Affirmative Steps**

- 1. CMHPSM must take all necessary affirmative steps to assure that minority businesses, women’s business enterprises, and labor area surplus firms are used when possible. The affirmative steps must include those set forth at 2 C.F.R. § 200.321(b). See Chapter V, ¶ 6.

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**L. Maintaining Records**

- 1. The Uniform Rules require CMHPSM to maintain records sufficient to detail the history of a procurement. These records include, but are not limited to,

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the following: rationale for method of procurement, selection of contract type, contractor selection or rejection, and the basis for contract price. 2  
C.F.R. § 200.318(i)

**VI. EXHIBITS**

**A. CMHPSM Procurement Thresholds, Approvals and Requirements Table:**

EXHIBIT A		Procurement Type		
		Purchase of Goods	Administrative, Professional Service Contract, Lease	Specialty Service Contracts (Direct Mental Health or Substance Use)
Procurement Threshold	<b>Micro Purchase \$103,000.00 and under.</b>	<b>Approver:</b> Chief Executive Officer or Chief Executive Officer Designee <b>Requirement:</b> No formal quotes required.	<b>Approver:</b> Chief Executive Officer <b>Requirement:</b> No formal quotes required.	<b>Approver:</b> All specialty service contracts require CMHPSM Board approval.  <b>Requirement:</b> RFP/RFQ/RFI or bid waiver signed by Chief Executive Officer.
	<b>Chief Executive Officer \$103,000.01 - \$25,000.00</b>	<b>Approver:</b> Chief Executive Officer <b>Requirement:</b> 1. Written quotes required or bid waiver signed by Chief Executive Officer. 2. Purchase Order Required	<b>Approver:</b> Chief Executive Officer <b>Requirement:</b> 1. Written quotes required or bid waiver signed by Chief Executive Officer. 2. Purchase Order Required	
	<b>CMHPSM Board \$25,000.01 and over.</b>	<b>Approver:</b> CMHPSM Board <b>Requirement:</b> 1. RFP/RFQ/RFI or bid waiver signed by Chief Executive Officer. 2. Purchase Order Required	<b>Approver:</b> CMHPSM Board Approval <b>Requirement:</b> 1. RFP/RFQ/RFI or bid waiver signed by Chief Executive Officer. 2. Purchase Order Required	

B. 2 CFR 200.318-326

**VII. REFERENCES**

- Federal Acquisition Regulation – Volume I: Parts 1 to 51 (Subparts 2.1 and 15); Volume II: Parts 52, 53
- 41 U.S.C. 57(a) and (b) Anti-Kickback Act of 1986

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- 45 CFR Part 92: Title 45 – Public Welfare, Subtitle A – Department of Health and Human Services, Part 92 – Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, 92.36 Procurement
- 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- MCL Act 317 of 1968 – Contracts of Public Servants with Public Entities (15.321 - 15.3300) [Updated 12/19/2008]
- Intergovernmental Contract Act 35 of 1951
- Current MDHHS Contract Attachment: Procurement Technical Requirement

[Addendum 2 CFR 200.318-326](#)

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**EXHIBIT B: 2 CFR 200.318-326**

**§ 200.318 General procurement standards.**

**1. § 200.318 General procurement standards.**

(a) The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §§ 200.317 through 200.327.

(b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

(c)

(1) The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the non-Federal entity may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, non-Federal entities may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity.

(2) If the non-Federal entity has a parent, affiliate, or subsidiary organization that is not a State, local government, or Indian tribe, the non-Federal entity must also maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.

(d) The non-Federal entity's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

(e) To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal Government, the non-Federal entity is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services. Competition requirements will be met with documented procurement actions using strategic sourcing, shared services, and other similar procurement arrangements.

(f) The non-Federal entity is encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

(g) The non-Federal entity is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.

(h) The non-Federal entity must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to

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such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. See also § 200.214.

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(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

(i)

(1) The non-Federal entity may use a time-and-materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time-and-materials type contract means a contract whose cost to a non-Federal entity is the sum of:

(i) The actual cost of materials; and

(ii) Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

(2) Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the non-Federal entity awarding such a contract must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

(k) The non-Federal entity alone must be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the non-Federal entity of any contractual responsibilities under its contracts. The Federal awarding agency will not substitute its judgment for that of the non-Federal entity unless the matter is primarily a Federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction.

85 FR 49543, Aug. 13, 2020, as amended at 86 FR 10440, Feb. 22, 2021]

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**2. § 200.319 Competition.**

(a) All procurement transactions for the acquisition of property or services required under a Federal award must be conducted in a manner providing full and open competition consistent with the standards of this section and § 200.320.

(b) In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

- (1) Placing unreasonable requirements on firms in order for them to qualify to do business;
- (2) Requiring unnecessary experience and excessive bonding;
- (3) Noncompetitive pricing practices between firms or between affiliated companies;
- (4) Noncompetitive contracts to consultants that are on retainer contracts;
- (5) Organizational conflicts of interest;

(6) Specifying only a "brand name" product instead of allowing "an equal" product to be offered and describing the performance or other relevant requirements of the procurement; and

(7) Any arbitrary action in the procurement process.

(c) The non-Federal entity must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

(d) The non-Federal entity must have written procedures for procurement transactions. These procedures must ensure that all solicitations:

(1) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name or equivalent" description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and

(2) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

(e) The non-Federal entity must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the non-Federal entity must not preclude potential bidders from qualifying during the solicitation period.

(f) Noncompetitive procurements can only be awarded in accordance with § 200.320(c).

**3. § 200.320 Methods of procurement to be followed.**

The non-Federal entity must have and use documented procurement procedures, consistent with the standards of this section and §§ 200.317, 200.318, and 200.319 for any of the following methods of procurement used for the acquisition of property or services required under a Federal award or sub-award.

(a) **Informal procurement methods.** When the value of the procurement for property or services under a Federal award does not exceed the *simplified acquisition threshold (SAT)*, as defined in § 200.1, or a lower threshold established by a non-Federal entity, formal procurement methods are not required. The non-Federal entity may use informal procurement methods to expedite the completion of its transactions and minimize the associated administrative burden and cost. The informal methods used for procurement of property or services at or below the SAT include:

**(1) Micro-purchases -**

(i) **Distribution.** The acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (See the definition of *micro-purchase* in § 200.1). To the maximum extent practicable, the non-Federal entity should distribute micro-purchases equitably among qualified suppliers.

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(ii) **Micro-purchase awards.** Micro-purchases may be awarded without soliciting competitive price or rate quotations if the non-Federal entity considers the price to be reasonable based on research, experience, purchase history or other information and documents it files accordingly. Purchase cards can be used for micro-purchases if procedures are documented and approved by the non-Federal entity.

(iii) **Micro-purchase thresholds.** The non-Federal entity is responsible for determining and documenting an appropriate micro-purchase threshold based on internal controls, an evaluation of risk, and its documented procurement procedures. The micro-purchase threshold used by the non-Federal entity must be authorized or not prohibited under State, local, or tribal laws or regulations. Non-Federal entities may establish a threshold higher than the Federal threshold established in the Federal Acquisition Regulations (FAR) in accordance with paragraphs (a)(1)(iv) and (v) of this section.

(iv) **Non-Federal entity increase to the micro-purchase threshold up to \$50,000.** Non-Federal entities may establish a threshold higher than the micro-purchase threshold identified in the FAR in accordance with the requirements of this section. The non-Federal entity may self-certify a threshold up to \$50,000 on an annual basis and must maintain documentation to be made available to the Federal awarding agency and auditors in accordance with § 200.334. The self-certification must include a justification, clear identification of the threshold, and supporting documentation of any of the following:

(A) A qualification as a low-risk auditee, in accordance with the criteria in § 200.520 for the most recent audit;

(B) An annual internal institutional risk assessment to identify, mitigate, and manage financial risks; or

(C) For public institutions, a higher threshold consistent with State law.

(v) **Non-Federal entity increase to the micro-purchase threshold over \$50,000.** Micro-purchase thresholds higher than \$50,000 must be approved by the cognizant agency for indirect costs. The non-federal entity must submit a request with the requirements included in paragraph (a)(1)(iv) of this section. The increased threshold is valid until there is a change in status in which the justification was approved.

**(2) Small purchases -**

(i) **Small purchase procedures.** The acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the non-Federal entity.

(ii) **Simplified acquisition thresholds.** The non-Federal entity is responsible for determining an appropriate simplified acquisition threshold based on internal controls, an evaluation of risk and its documented procurement procedures which must not exceed the threshold established in the FAR. When applicable, a lower simplified acquisition threshold used by the non-Federal entity must be authorized or not prohibited under State, local, or tribal laws or regulations.

(b) **Formal procurement methods.** When the value of the procurement for property or services under a Federal financial assistance award exceeds the SAT, or a lower threshold established by a non-Federal entity, formal procurement methods are required. Formal procurement methods require following documented procedures. Formal procurement methods also require public advertising unless a non-competitive procurement can be used in accordance with § 200.319 or paragraph (c) of this section. The following formal methods of procurement are used for procurement of property or services above the simplified acquisition threshold or a value below the simplified acquisition threshold the non-Federal entity determines to be appropriate:

(1) **Sealed bids.** A procurement method in which bids are publicly solicited and a firm fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bids method is the preferred method for procuring construction, if the conditions.

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(i) In order for sealed bidding to be feasible, the following conditions should be present:

(A) A complete, adequate, and realistic specification or purchase description is available;

(B) Two or more responsible bidders are willing and able to compete effectively for the business; and

(C) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

(ii) If sealed bids are used, the following requirements apply:

(A) Bids must be solicited from an adequate number of qualified sources, providing them sufficient response time prior to the date set for opening the bids, for local, and tribal governments, the invitation for bids must be publicly advertised;

(B) The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;

(C) All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;

(D) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and

(E) Any or all bids may be rejected if there is a sound documented reason.

(2) **Proposals.** A procurement method in which either a fixed price or cost-reimbursement type contract is awarded. Proposals are generally used when conditions are not appropriate for the use of sealed bids. They are awarded in accordance with the following requirements:

(i) Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Proposals must be solicited from an adequate number of qualified offerors. Any response to publicized requests for proposals must be considered to the maximum extent practical;

(ii) The non-Federal entity must have a written method for conducting technical evaluations of the proposals received and making selections;

(iii) Contracts must be awarded to the responsible offeror whose proposal is most advantageous to the non-Federal entity, with price and other factors considered; and

(iv) The non-Federal entity may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby offeror's qualifications are evaluated and the most qualified offeror is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services through A/E firms that are a potential source to perform the proposed effort.

(c) **Noncompetitive procurement.** There are specific circumstances in which noncompetitive procurement can be used. Noncompetitive procurement can only be awarded if one or more of the following circumstances apply:

(1) The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (see paragraph (a)(1) of this section);

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(2) The item is available only from a single source;

(3) The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation;

(4) The Federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from the non-Federal entity; or

(5) After solicitation of a number of sources, competition is determined inadequate.

**4. § 200.321 Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms.**

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(a) The non-Federal entity must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.

(b) Affirmative steps must include:

(1) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;

(2) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;

(3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;

(4) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;

(5) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and

(6) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (b)(1) through (5) of this section.

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**5. § 200.322 Domestic preferences for procurements.**

(a) As appropriate and to the extent consistent with law, the non-Federal entity should, to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products under this award.

(b) For purposes of this section:

(1) "Produced in the United States" means, for iron and steel products, that all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.

(2) "Manufactured products" means items and construction materials composed in whole or in part of non-ferrous metals such as aluminum; plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.

**6. § 200.323 Procurement of recovered materials.**

A non-Federal entity that is a state agency or agency of a political subdivision of a state and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247, that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

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**7. § 200.324 Contract cost and price.**

(a) The non-Federal entity must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals.

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(b) The non-Federal entity must negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

(c) Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the non-Federal entity under subpart E of this part. The non-Federal entity may reference its own cost principles that comply with the Federal cost principles.

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(d) The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

**8. § 200.325 Federal awarding agency or pass-through entity review.**

(a) The non-Federal entity must make available, upon request of the Federal awarding agency or pass-through entity, technical specifications on proposed procurements where the Federal awarding agency or pass-through entity believes such review is needed to ensure that the item or service specified is the one being proposed for acquisition. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if the non-Federal entity desires to have the review accomplished after a solicitation has been developed, the Federal awarding agency or pass-through entity may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.

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(b) The non-Federal entity must make available upon request, for the Federal awarding agency or pass-through entity pre-procurement review, procurement documents, such as requests for proposals or invitations for bids, or independent cost estimates, when:

(1) The non-Federal entity's procurement procedures or operation fails to comply with the procurement standards in this part;

(2) The procurement is expected to exceed the Simplified Acquisition Threshold and is to be awarded without competition or only one bid or offer is received in response to a solicitation;

(3) The procurement, which is expected to exceed the Simplified Acquisition Threshold, specifies a "brand name" product;



(4) The proposed contract is more than the Simplified Acquisition Threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or

(5) A proposed contract modification changes the scope of a contract or increases the contract amount by more than the Simplified Acquisition Threshold.

(c) The non-Federal entity is exempt from the pre-procurement review in paragraph (b) of this section if the Federal awarding agency or pass-through entity determines that its procurement systems comply with the standards of this part.

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(1) The non-Federal entity may request that its procurement system be reviewed by the Federal awarding agency or pass-through entity to determine whether its system meets these standards in order for its system to be certified. Generally, these reviews must occur where there is continuous high-dollar funding, and third-party contracts are awarded on a regular basis;

(2) The non-Federal entity may self-certify its procurement system. Such self-certification must not limit the Federal awarding agency's right to survey the system. Under a self-certification procedure, the Federal awarding agency may rely on written assurances from the non-Federal entity that it is complying with these standards. The non-Federal entity must cite specific policies, procedures, regulations, or standards as being in compliance with these requirements and have its system available for review.

9. § 200.326 Bonding requirements.

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For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold, the Federal awarding agency or pass-through entity may accept the bonding policy and requirements of the non-Federal entity provided that the Federal awarding agency or pass-through entity has made a determination that the Federal interest is adequately protected. If such a determination has not been made, the minimum requirements must be as follows:

(a) A bid guarantee from each bidder equivalent to five percent of the bid price. The "bid guarantee" must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.

(b) A performance bond on the part of the contractor for 100 percent of the contract price. A "performance bond" is one executed in connection with a contract to secure fulfillment of all the contractor's requirements under such contract.

(c) A payment bond on the part of the contractor for 100 percent of the contract price. A "payment bond" is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

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(a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part.

(b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

(c)

(1) The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the non-

~~Federal entity may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, non-Federal entities may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity.~~

~~(2) If the non-Federal entity has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, the non-Federal entity must also maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.~~

~~(d) The non-Federal entity's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.~~

~~(e) To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal Government, the non-Federal entity is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services.~~

~~(f) The non-Federal entity is encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.~~

~~(g) The non-Federal entity is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.~~

~~(h) The non-Federal entity must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. See also § 200.213 Suspension and debarment.~~

~~(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.~~

~~(1) The non-Federal entity may use a time and materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and materials type contract means a contract whose cost to a non-Federal entity is the sum of:~~

~~(i) The actual cost of materials; and~~

~~(ii) Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.~~

~~(2) Since this formula generates an open-ended contract price, a time and materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the non-Federal entity awarding such a contract must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.~~

~~(k) The non-Federal entity alone must be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the non-Federal entity of any contractual responsibilities under its contracts. The Federal awarding agency will not substitute its judgment for that of the non-Federal entity unless the matter is primarily a Federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction.~~

~~[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014; 80 FR 43309, July 22, 2015]~~

**§ 200.319 Competition.**

(a) All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

- (1) Placing unreasonable requirements on firms in order for them to qualify to do business;
- (2) Requiring unnecessary experience and excessive bonding;
- (3) Noncompetitive pricing practices between firms or between affiliated companies;
- (4) Noncompetitive contracts to consultants that are on retainer contracts;
- (5) Organizational conflicts of interest;
- (6) Specifying only a "brand name" product instead of allowing "an equal" product to be offered and describing the performance or other relevant requirements of the procurement; and
- (7) Any arbitrary action in the procurement process.

(b) The non-Federal entity must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

(c) The non-Federal entity must have written procedures for procurement transactions. These procedures must ensure that all solicitations:

- (1) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name or equivalent" description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and
- (2) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

(d) The non-Federal entity must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the non-Federal entity must not preclude potential bidders from qualifying during the solicitation period.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014]

**§ 200.320 Methods of procurement to be followed.**

The non-Federal entity must use one of the following methods of procurement:

(a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§ 200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

~~(b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.~~

~~(c) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in paragraph (c)(1) of this section apply.~~

~~(1) In order for sealed bidding to be feasible, the following conditions should be present:~~

- ~~(i) A complete, adequate, and realistic specification or purchase description is available;~~
- ~~(ii) Two or more responsible bidders are willing and able to compete effectively for the business; and~~
- ~~(iii) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.~~

~~(2) If sealed bids are used, the following requirements apply:~~

- ~~(i) Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, for local, and tribal governments, the invitation for bids must be publicly advertised;~~
- ~~(ii) The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;~~
- ~~(iii) All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;~~
- ~~(iv) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and~~
- ~~(v) Any or all bids may be rejected if there is a sound documented reason.~~

~~(d) Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:~~

- ~~(1) Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;~~
- ~~(2) Proposals must be solicited from an adequate number of qualified sources;~~
- ~~(3) The non-Federal entity must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;~~
- ~~(4) Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and~~
- ~~(5) The non-Federal entity may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.~~

~~(e) [Reserved]~~

~~(f) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:~~

- (1) The item is available only from a single source;
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
- (4) After solicitation of a number of sources, competition is determined inadequate.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014; 80 FR 54409, Sept. 10, 2015]

**§ 200.321 Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms.**

(a) The non-Federal entity must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.

(b) Affirmative steps must include:

- (1) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
- (2) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
- (3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
- (4) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
- (5) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
- (6) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5) of this section.

**§ 200.322 Procurement of recovered materials.**

A non-Federal entity that is a state agency or agency of a political subdivision of a state and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014]

**§ 200.323 Contract cost and price.**

(a) The non-Federal entity must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals.

(b) The non-Federal entity must negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

~~(c) Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the non-Federal entity under Subpart E—Cost Principles of this part. The non-Federal entity may reference its own cost principles that comply with the Federal cost principles.~~

~~(d) The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.~~

**~~§ 200.324 Federal awarding agency or pass-through entity review.~~**

~~(a) The non-Federal entity must make available, upon request of the Federal awarding agency or pass-through entity, technical specifications on proposed procurements where the Federal awarding agency or pass-through entity believes such review is needed to ensure that the item or service specified is the one being proposed for acquisition. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if the non-Federal entity desires to have the review accomplished after a solicitation has been developed, the Federal awarding agency or pass-through entity may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.~~

~~(b) The non-Federal entity must make available upon request, for the Federal awarding agency or pass-through entity pre-procurement review, procurement documents, such as requests for proposals or invitations for bids, or independent cost estimates, when:~~

~~(1) The non-Federal entity's procurement procedures or operation fails to comply with the procurement standards in this part;~~

~~(2) The procurement is expected to exceed the Simplified Acquisition Threshold and is to be awarded without competition or only one bid or offer is received in response to a solicitation;~~

~~(3) The procurement, which is expected to exceed the Simplified Acquisition Threshold, specifies a "brand name" product;~~

~~(4) The proposed contract is more than the Simplified Acquisition Threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or~~

~~(5) A proposed contract modification changes the scope of a contract or increases the contract amount by more than the Simplified Acquisition Threshold.~~

~~(c) The non-Federal entity is exempt from the pre-procurement review in paragraph (b) of this section if the Federal awarding agency or pass-through entity determines that its procurement systems comply with the standards of this part.~~

~~(1) The non-Federal entity may request that its procurement system be reviewed by the Federal awarding agency or pass-through entity to determine whether its system meets these standards in order for its system to be certified. Generally, these reviews must occur where there is continuous high-dollar funding, and third party contracts are awarded on a regular basis;~~

~~(2) The non-Federal entity may self-certify its procurement system. Such self-certification must not limit the Federal awarding agency's right to survey the system. Under a self-certification procedure, the Federal awarding agency may rely on written assurances from the non-Federal entity that it is complying with these standards. The non-Federal entity must cite specific policies, procedures, regulations, or standards as being in compliance with these requirements and have its system available for review.~~

**~~§ 200.325 Bonding requirements.~~**

~~For construction or facility improvement contracts or sub-contracts exceeding the Simplified Acquisition Threshold, the Federal awarding agency or pass-through entity may accept the bonding policy and requirements of the non-Federal entity provided that the Federal awarding agency or pass-through entity has made a determination that the Federal interest is adequately protected. If such a determination has not been made, the minimum requirements must be as follows:~~

~~(a) A bid guarantee from each bidder equivalent to five percent of the bid price. The "bid guarantee" must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.~~

~~(b) A performance bond on the part of the contractor for 100 percent of the contract price. A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor’s obligations under such contract.~~

~~(c) A payment bond on the part of the contractor for 100 percent of the contract price. A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.~~

~~**§ 200.326 Contract provisions.**~~

~~The non-Federal entity’s contracts must contain the applicable provisions described in Appendix II to Part 200 – Contract Provisions for non-Federal Entity Contracts Under Federal Awards.~~

# FY2021-23 CMHPSM Strategic Plan Metrics / Milestones

The CMHPSM will report to the CMHPSM Board on a semi-annual basis on strategic plan metrics and milestones.

**Current Report:**  
**#5**  
**3/31/2023**

Summary: The following table indicates whether the current metric for the reporting period was either not applicable, Fully Met, Partially Met, In-Process or Not Met. Each overall strategic plan goal has one or more metrics assigned to it for each fiscal year covered in the strategic plan.

### Summary

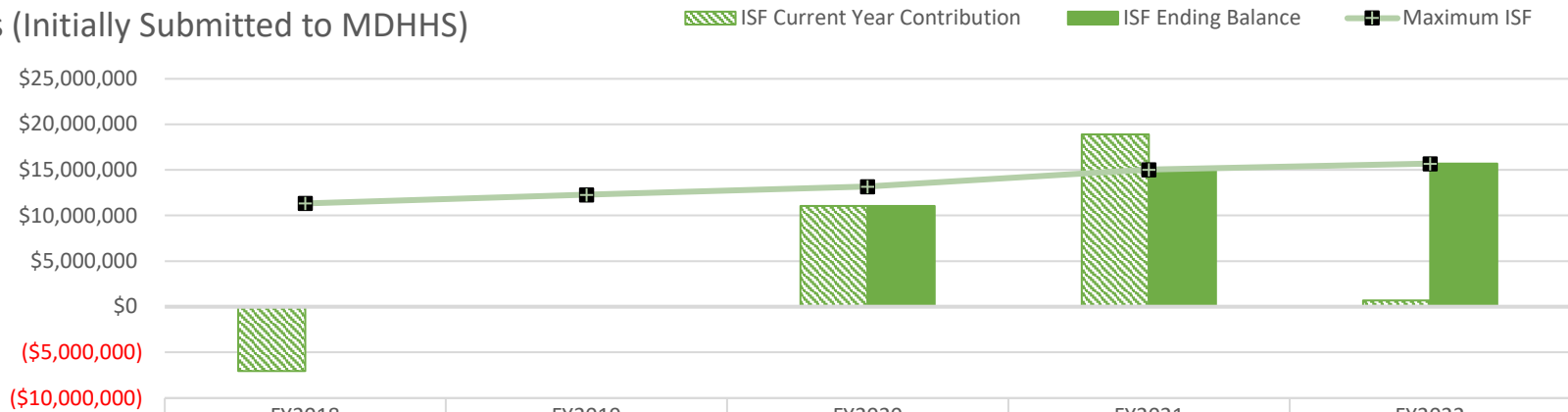
Strategic Plan Goal	Metrics Report 1: 3/31/2021	Metrics Report 2: 9/30/2021	Metrics Report 3: 3/31/2022	Metrics Report 4: 9/30/2022	<b>Metrics Report 5: 3/31/2023</b>	Metrics Report 6: 9/30/2023
#1	N/A	Metric Partially Met	Revised Metric In-Process	Revised Metric Fully Met	Metric In-Process	
#2	N/A	N/A	Metric In-Process	Metric In-Process	Metric In-Process	
#3	Metric Fully Met	Metric Fully Met	Metric In-Process	Metric Fully Met	Metric In-Process	
#4	N/A	Metric Not Met	Metric In-Process	Metric Fully Met	Metric In-Process	
#5	N/A	Metric Partially Met	Revised Metric In-Process	Revised Metric Fully Met	Metric In-Process	
#6	N/A	Metric Fully Met	Metric Fully Met	Metric Fully Met	Metric In-Process	
#7	Metric Fully Met	Metric Fully Met	Metric In-Process	Metric Partially Met	Metric In-Process	
#8	Metric Fully Met	Metric Fully Met	Revised Metric Fully Met	Revised Metric Fully Met	Metric In-Process	
#9	Metric Fully Met	Metric Fully Met	Metric In-Process	Metric Fully Met	Metric In-Process	
#10	Metric Fully Met	Metric Fully Met	Metric Fully Met	Metric Fully Met	Metric In-Process	
#11	Metric Fully Met	Metric Fully Met	Revised Metric In-Process	Revised Metric Fully Met	Metric In-Process	



Strategic Plan Goal(s)	FY2021 Metric	FY2022 Metric	FY2023 Metric	Current Status Report #5 3/31/2023: FY2023 Revised Metric In-Process
<p><b>#1. Improve working relationships and financial expertise within our system, which includes the CMHPSM, regional CMHSPs and external service providers. (Lead: Finance)</b></p>	<p>Conduct an in-depth analysis of the top 1-5 CPT service codes that account for the most service cost by Q4 of FY2021.</p>	<p>Conduct an in-depth analysis of the top 6-10 CPT service codes that account for the most service cost by Q4 of FY2022.</p> <p>Revised Metric: The ECC workgroup will focus our monthly meetings on FY2022 code and modifier changes that are being implemented at the State level.</p>	<p><b>Original Metric: Conduct an in-depth analysis of the top 11-15 CPT service codes that account for the most service cost by Q4 of FY2023.</b></p> <p><b>Revised Metric: The ECC workgroup will focus our monthly meetings on FY2023 code and modifier changes that are being implemented at the State level.</b></p>	<p>The ECC workgroup continues to meet and the group transitioned our focus to the many service coding changes that are to be implemented in this current fiscal year or FY2023. Current work centers around our skill building services (H2014) and a survey was recently released around this potential code and modifier reimbursement model revision.</p>

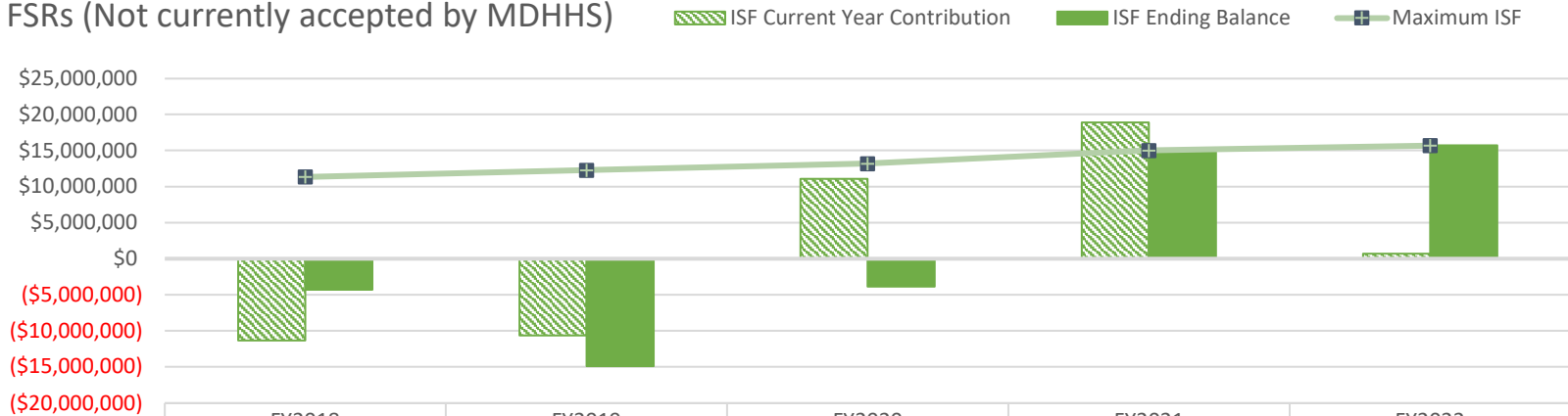
Strategic Plan Goal(s)	FY2021 Metric	FY2022 Metric	FY2023 Metric	Current Status Report #5 3/31/2023: FY2023 Metric In-Process
<p><b>#2. Increase the contribution amount to the CMHPSM Internal Service Fund (ISF) each year until the ISF is fully funded. (Lead: Finance)</b></p>	<p>Increase contribution amount level over FY2020.</p>	<p>Increase contribution amount level over FY2021 until the ISF is fully funded.</p>	<p><b>Increase contribution amount level over FY2022 until the ISF is fully funded.</b></p>	<p>The CMHPSM closed FY2022 with a fully funded ISF. We are projecting a fully funded ISF at the end of FY2023 as well.</p> <p>The CMHPSM is projecting to have a fully funded ISF for FY2023 when closeout is completed. We are still working with MDHHS on the closeout of FY2018 and our revised FSRs. A chart of ISF information for both scenarios is included on the next page.</p>

### Original FSRs (Initially Submitted to MDHHS)



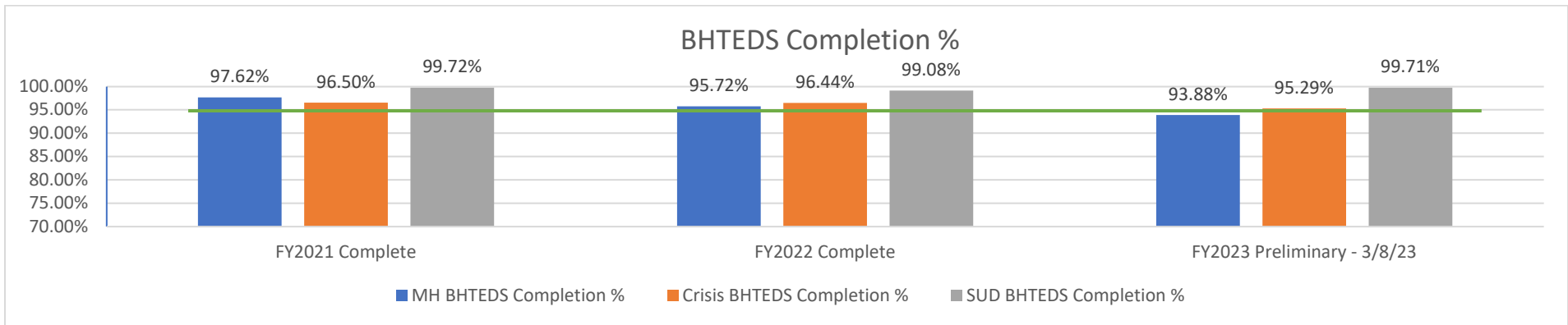
	FY2018	FY2019	FY2020	FY2021	FY2022
ISF Current Year Contribution	(\$7,065,667)	\$0	\$11,054,816	\$18,880,568	\$675,044
ISF Ending Balance	\$0	\$0	\$11,054,816	\$15,026,143	\$15,701,187
Maximum ISF	\$11,352,411	\$12,294,818	\$13,181,674	\$15,026,143	\$15,701,187

### Resubmitted FSRs (Not currently accepted by MDHHS)



	FY2018	FY2019	FY2020	FY2021	FY2022
ISF Current Year Contribution	(\$11,352,411)	(\$10,622,497)	\$11,054,816	\$18,880,568	\$675,044
ISF Ending Balance	(\$4,286,744)	(\$14,909,241)	(\$3,854,425)	\$15,026,143	\$15,701,187
Maximum ISF	\$11,352,411	\$12,294,818	\$13,181,674	\$15,026,143	\$15,701,187

Strategic Plan Goal(s)	FY2021 Metric	FY2022 Metric	FY2023 Metric	Current Status Report #5 3/31/2023: FY2023 Metric In-Process
<p><b>#3. Improve the comprehensiveness and validity of the health data within our regional electronic health record: CRCT. (Lead: IM)</b></p>	<p>Maintain overall BHTEDS completion rates to state 95% standard during FY2021. Improve crisis encounter BHTEDs completion to 80% during FY2021.</p>	<p>Maintain overall BHTEDS completion rates to state 95% standard during FY2022. Improve crisis encounter BHTEDs completion to 85% during FY2022.</p>	<p><b>Maintain overall BHTEDS completion rates to state 95% standard during FY2023. Improve crisis encounter BHTEDs completion to 95% during FY2023.</b></p>	<p>The CMHPSM and the partner CMHSPs finalized FY2022 BHTEDS completion rates above the 95% standard for mental health, crisis, and SUD encounters in FY2022. Our preliminary data for FY2023 indicate a decrease in mental health non-crisis affiliated BHTEDS to 93.88%. We are actively working with the CMHSPs to improve this for FY2023 services and project we will reach 95% by year end.</p>



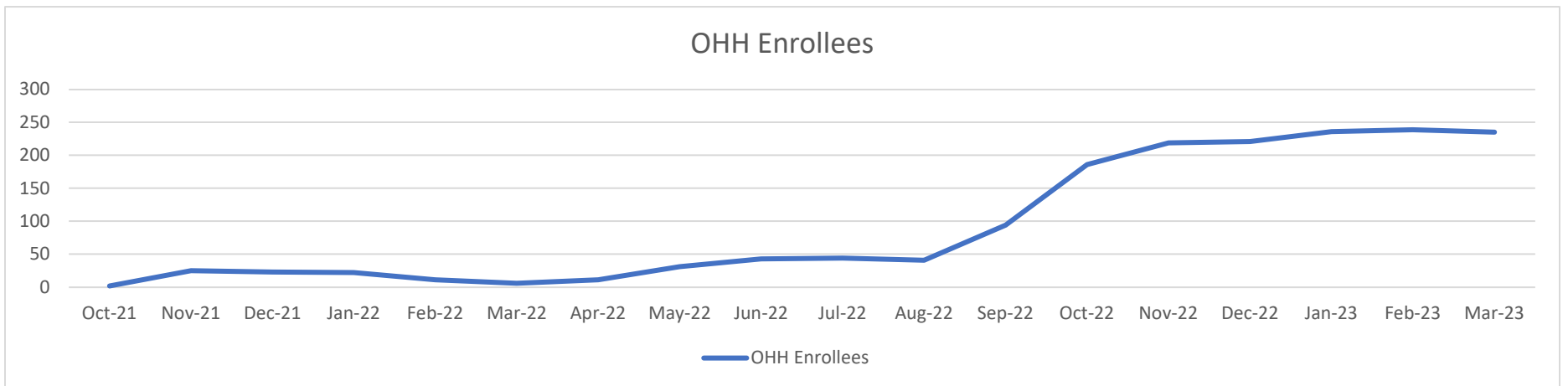
Strategic Plan Goal(s)	FY2021 Metric	FY2022 Metric	FY2023 Metric	Current Status Report #5 3/31/2023: FY2023 Metric In-Process
<p><b>#4. Improve the user experience for all users of our regional electronic health record: CRCT. (Lead: IM)</b></p>	<p>Create and release a CRCT user survey by Q3 of FY2021 to establish a user satisfaction baseline.</p>	<p>Re-issue a CRCT user survey by Q3 of FY2022 and maintain or increase user satisfaction scores over FY2021.</p>	<p><b>Re-issue a CRCT user survey by Q3 of FY2023 and maintain or increase user satisfaction scores over FY2021-22 survey.</b></p>	<p>The CRCT user survey was released in November 2021 after this metric was delayed from FY2021, and results of the survey have been discussed at subsequent EHR Operations Committee meetings. This survey will act as the baseline satisfaction level with CRCT.</p> <p>We are planning to release the survey in FY2023 Q3 to compare against our last survey results.</p>

Strategic Plan Goal(s)	FY2021 Metric	FY2022 Metric	FY2023 Metric	Current Status Report #5 3/31/2023: FY2023 Revised Metric In-Process
<p><b>#5. Improve the financial stability and service capacity of our regional provider network. (Lead: Operations/Finance)</b></p>	<p>Conduct an in-depth analysis of the top 1-5 CPT service codes that account for the most service cost by Q4 of FY2021.</p>	<p>Conduct an in-depth analysis of the top 6-10 CPT service codes that account for the most service cost by Q4 of FY2022.</p> <p>Revised Metric: Maintain regional provider stability by passing through premium pay funding and provider stabilization funding when available.</p>	<p><b>Conduct an in-depth analysis of the top 11-15 CPT service codes that account for the most service cost by Q4 of FY2023.</b></p> <p><b>Revised Metric: Maintain regional provider stability by passing through premium pay funding and provider stabilization funding when available.</b></p>	<p>The CMHPSM region increased reimbursement rates for key services on October 1, 2023 and continues to pass through premium pay funding and advocate for additional funding for FY2024. MDHHS also determined that in FY2023 we no longer need to separately cost settle premium pay funding, it is now considered normal capitation funding moving forward.</p> <p>The encounter costing and coding group continues to work through procedural code modifier and costing changes, related to the original metric.</p>

Strategic Plan Goal(s)	FY2021 Metric	FY2022 Metric	FY2023 Metric	Current Status Report #5 3/31/2023: FY2023 Metric In-Process
<p><b>#6. Improve documentation for all critically important CMHPSM functions. (Lead: Operations)</b></p>	<p>Review and approve process and procedure documentation for 100% of critically important functions by Q3 of FY2021.</p>	<p>Assess 100% of critically important process and procedure documentation for needed updates by Q3 of FY2022.</p>	<p><b>Assess 100% of critically important process and procedure documentation for needed updates by Q3 of FY2023.</b></p>	<p>All CMHPSM staff persons have been working on process and procedure documents related to critical functions. The CMHPSM leadership team is continuing to review and approve the processes and procedures that are developed. Existing processes and procedures are continually updated as needed. A focus on the organization of finance processes will occur in FY2023 Q3 and Q4.</p>

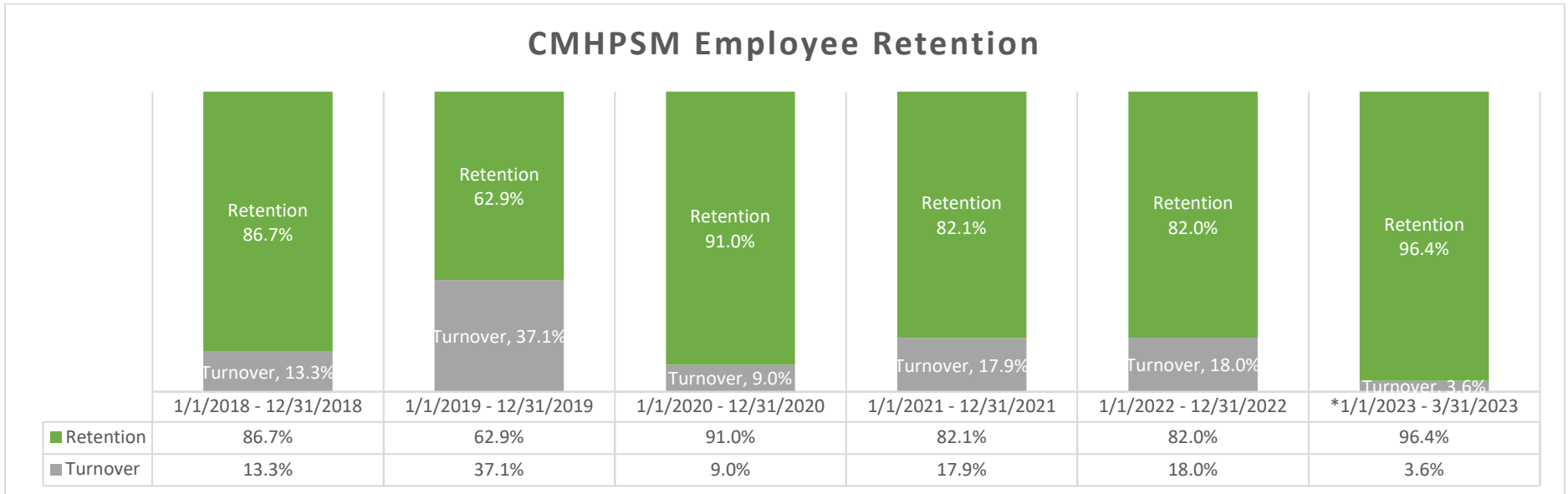
Strategic Plan Goal(s)	FY2021 Metric	FY2022 Metric	FY2023 Metric	Current Status Report #5 3/31/2023: FY2023 Metric In-Process
<p><b>#7. Improve regional compliance reviews to support components of the quadruple aim. (Lead: Operations)</b></p>	<p>Revise all compliance monitoring tools by end of Q1 of FY2021.</p>	<p>Revise all compliance monitoring tools by end of Q1 of FY2022.</p> <p>Create and issue provider survey for entities that are audited by the CMHPSM by Q4 of FY2022</p>	<p><b>Revise all compliance monitoring tools by end of Q1 of FY2023.</b></p> <p><b>Assess provider survey results for entities that are audited by the CMHPSM for areas of improvement to revise FY24 monitoring tools and processes.</b></p>	<p>The CMHPSM operations department led by CJ Witherow revised all monitoring tools for FY2023 to maintain compliance while increasing the efficiency and effectiveness of the reviews. CJ Witherow worked with the compliance committee, network management committee and key PIHP/CMHSP staff on these revisions wherever appropriate.</p> <p>A survey related to compliance has been delayed and was not completed in FY2022 and may also not be completed in FY2023 due to resource availability. Our operations department had a vacancy in our Compliance and Quality position from August 2022 – March 2023.</p>

Strategic Plan Goal(s)	FY2021 Metric	FY2022 Metric	FY2023 Metric	Current Status Report #5 3/31/2023: FY2023 Revised Metrics In-Process
<p><b>#8. Improve the capacity, effectiveness, and quality of SUD services. (Lead: SUD)</b></p>	<p>Assess regional SUD access across core providers.</p>	<p>Original Metric: Issue RFP for delegated core provider functions by Q2 FY2022. Develop timeline for procuring additional core provider functions during FY2022.</p> <p>Revised Metrics: Redesign Core Provider/Access process in Washtenaw County to align with other counties and increase access to services</p> <p>Expand programs to address SUD Strategic Plan, emerging issues and health disparities (Opioid Health Homes, community-based programs, youth programs)</p>	<p><b>Original Metric: Continue the re-design and procurement of the SUD core provider system.</b></p> <p><b>Revised Metric: Re-evaluate SUD services with regional community input to determine any improvements made and identify new or ongoing gaps in services. Continue to increase the enrollees within OHH during FY2023.</b></p>	<p>The CMHPSM expanded programming in conjunction with the SUD strategic plan. During the first two quarters of FY2023 the CMHPSM has continued to grow the number of individuals enrolled in the Opioid Health Home program. We have been successfully managing a multitude of grant-based revenue sources related to programs as well. We are continuing to assess the changes to access and service reimbursement methodologies during FY2023.</p>



Strategic Plan Goal(s)	FY2021 Metric	FY2022 Metric	FY2023 Metric	Current Status Report #5 3/31/2023: FY2023 Metric In-Process
<p><b>#9. Ensure that the Regional SUD Strategic Plan is effectively implemented, and associated outcomes are monitored and reported to the OPB and Regional Boards. (Lead: SUD)</b></p>	<p>Develop charge for SUD Operations Committee by Q1FY2021.</p> <p>Assess 100% of strategic initiative programming delivered semi-annually during FY2021.</p>	<p>Assess 100% of strategic initiative programming delivered semi-annually during FY2022.</p>	<p><b>Assess 100% of strategic initiative programming delivered semi-annually during FY2023.</b></p>	<p>The CMHPSM Substance Use Services Director has continued to join the first Regional Operations Committee meeting of each month and ROC focuses on SUD services at that meeting.</p> <p>The SUD team assessed all SUD strategic initiative programming during FY2022. The SUD Oversight Policy Board reviews these reports at their meetings.</p>

Strategic Plan Goal(s)	FY2021 Metric	FY2022 Metric	FY2023 Metric	Current Status Report #5 3/31/2023: FY2023 Metric In-process
<b>#10. Assess CMHPSM internal human resources and related activities in conjunction with current and future potential PIHP functions. (Lead: CEO)</b>	Develop process for employee development requests during Q1 FY2021.	Measure employee retention after implementation of employee engagement committee recommendations.	<b>Improve or maintain employee retention percentage during 2023.</b>	The CMHPSM has tracked employee retention and maintained a retention rate of around 80% in 2021 and 2022. The first quarter of calendar 2023 shows improved employee retention. The CMHPSM Board approved cost-of-living adjustments for FY2023 and an adjustment to Tier 1 employees. We have evolved to a hybrid workplace which has also been helpful for employee retention and recruitment. Our FY2022 employee engagement survey results showed improvement or maintenance across all subject areas that were surveyed.



\*Only includes information from one calendar quarter of 2023 (1/1/2023 – 3/31/2023).



Strategic Plan Goal(s)	FY2021 Metric	FY2022 Metric	FY2023 Metric	Current Status Report #5 3/31/2023: FY2023 Metric In-Process
<p><b>#11. Implement engagement committee recommendations related to CMHPSM employee morale. (Lead: CEO)</b></p>	<p>Continue CEO updates and update employee handbook.</p> <p>Conduct employee satisfaction survey in February 2021.</p> <p>Conduct salary study for salary tiers by March 2021.</p>	<p>Continue CEO updates and update employee handbook during FY2022.</p> <p>Conduct employee satisfaction survey in August 2022.</p> <p>Develop formal staff on boarding process and procedure during Q1 FY2022.</p>	<p><b>Continue CEO updates and update employee handbook during FY2023.</b></p> <p><b>Additional Metric: Re-issue employee satisfaction survey in July 2023 on the new annual basis.</b></p>	<p>The CMHPSM CEO has continued CEO updates through FY2023. Employee handbook was updated for FY2023 and presented to the Board for review in September 2022.</p> <p>Employee satisfaction / engagement survey was released in July 2022 and results were presented to the CMHPSM Board in August 2022. The employees requested and Board approved that we will move from an every 18 month survey to an annual survey beginning with July 2023.</p>



# **CEO Report**

## **Community Mental Health Partnership of Southeast Michigan**

**Submitted to the CMHPSM Board of Directors**  
**April 6, 2023 for the April 12, 2023 Meeting**

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### *CMHPSM Update*

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- The CMHPSM held an all-staff meeting on February 13, 2023 and March 13, 2023. On March 27<sup>th</sup> we held an all staff training on some of the capabilities related to cloud based software capabilities within our Microsoft suite. We have recently started utilizing OneDrive to replace faxed in invoices, hosted documents to better collaborate and track changes and are working towards moving more projects to Microsoft Planner for project management updates.
- The CMHPSM leadership team is continuing to meet on a weekly basis. We recently moved our meetings to Fridays from Mondays.
- We had a significant issue in the CMHPSM finance department that I will give an in-person update on at the meeting.

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### *COVID-19 Update*

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- We have recently worked to supply some PPE products to some of our SUD providers and we're currently working with MDHHS to obtain some additional COVID-19 test kits for our SUD service providers.
- The federal public health emergency is still planned to end on May 11, 2023 according to recent reports.

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### *CMHPSM Staffing Update*

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- The CMHPSM currently has one open position that we are actively recruiting:
  - SUD Care Navigator
- We have recently hired Raquel Sparkman as our Compliance and Quality Improvement Manager. We were excited to have Raquel join the team as of March 13, 2023.
- We have also added James Luckey to our team as our Information Management Coordinator. James joins us after Eric Budnik moved on to other employment. James brings years of experience with electronic health records and information technology, we were excited to welcome James to the team on Monday April 3, 2023.
- More information and links to job descriptions and application information can be found here: <https://www.cmhpsm.org/interested-in-employment>

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### *Regional Update*

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- Our regional committees continue to meet using remote meeting technology. The Regional Operations Committee will work with our committees to determine best practices moving forward related to in-person versus remote regional committee meetings.
- The Regional Operations Committee continues to meet on at least a weekly basis. The remote meetings are allowing our region to share best practices while obtaining a regional picture of our COVID-19 pandemic response.

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### *Statewide Update*

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- Lakeshore Regional Entity has won a lawsuit in the Court of Claims related to repayment of their past deficits. I will give an in person update at our meeting related to the potential impact on our region’s deficit repayment.
- PIHP CEO meetings are being held remotely on a monthly basis. Since our last Regional Board meeting, the PIHP CEOs met on March 7, 2023 and April 4, 2023.
- The PIHP CEO / MDHHS operations meetings with MDHHS behavioral health leadership staff were held on March 2, 2023 and April 6, 2023. Included in the meetings are updates on the various emergency waivers and MDHHS COVID-19 funding that impact our service delivery systems, funding, and requirements. I provide a summary of those meetings to our regional directors at our Regional Operations Committee meetings each month.
- MDHHS re-enrollment processes will begin in April and May for individuals with a June enrollee date. The process will progress through eligibility month re-enrollment over a 12 to 14 month period to not overwhelm the MDHHS enrollment systems.
- A MDHHS-PIHP rate setting meeting was recently scheduled for April 19, 2023 to discuss a potential FY2023 rate adjustment to align with projected enrollment decline and FY2024 rate models.

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### *Future Update*

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- We are planning to cover the following items at our June 2023 meeting:
  - FY2024-FY2026 Strategic Plan
  - Regional Board Member Conflict of Interest Form Renewal

- Potential meeting with Michigan State Legislature Representatives on the Behavioral Health committees

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "James Colaianne", is written over a light yellow rectangular highlight.

James Colaianne, MPA