

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

Patrick Barrie Room

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

Wednesday, June 14, 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 4-12-2023 Meeting and Waive the Reading Thereof {Att. #1}	2 min
V. Audience Participation (3 minutes per participant)	
VI. Board Action: FY2022 Financial Audit Presentation {Att. #2}	15 min
VII. Old Business	30 min
a. Board Information: May Finance Report – FY2023 {Att. #3}	
b. Board Information: Discussion on FY2018 Deficit and Next Steps {Att. #4}	
c. Board Action: Annual Board Governance Review from April 2023 {Att. #5}	
i. Board Governance Manual {Att. #5a}	
ii. CMHPSM Bylaws {Att. #5b}	
iii. CMHPSM CEO Authority – Employee Position Control and Compensation {Att. #5c}	
iv. CMHPSM CEO General Scope of Authority {Att. #5d}	
v. Conflict of Interest Policy {Att. #5e}	
vi. Financial Stability & Risk Reserve Management {Att. #5f}	
vii. Investing {Att. #5g}	
viii. Procurement {Att. #5h}	
d. Board Information: CEO Performance Review Goals {Document will be walked in}	
VIII. New Business	30 min
a. Board Member Action: Conflict of Interest Form Completion	
b. Board Information: Strategic Plan Development Timeline {Att. #6}	
c. Board Action: Contracts {Att. #7}	
d. Board Action: CMHPSM Board Secretary Election {Att. #8}	
e. Board Information: Conflict Free Access and Planning Options {Att. #9}	
f. Board Action: Conflict Free Access and Planning Resolution {Att. #10}	

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.

- IX. Reports to the CMHPSM Board 20 min
 - a. SUD Oversight Policy Board {Att. #11}
 - b. Board Information: CEO Report to the Board {Att. #12}

- X. Questions and Answers with Michigan State Representatives: Felicia Brabec and Carrie Rheingans 15 min

- XI. Adjournment

Additional Exhibit for Board Members: Updated Board Member Manual

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**COMMUNITY MENTAL HEALTH PARTNERSHIP OF SOUTHEAST MICHIGAN
REGULAR BOARD MEETING MINUTES
April 12, 2023**

Members Present: Judy Ackley, Patrick Bridge (remote), LaMar Frederick, Bob King, Molly Welch Marahar, Alfreda Rooks, Mary Serio, Holly Terrill, Ralph Tillotson

Members Absent: Roxanne Garber, Annie Somerville

Staff Present Kathryn Szewczuk, Stephannie Weary, James Colaianne, Matt Berg, Nicole Adelman, Connie Conklin, Stacy Pijanowski, CJ Witherow, Heather Schubbe

Guests Present: Margaret Debler, Andrew Brege

- I. Call to Order
Meeting called to order at 6:03 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. Welch Marahar, to approve the agenda
Motion carried**
- IV. Consideration to Approve the Minutes of the 2-8-2023 Meeting and Waive the Reading Thereof
**Motion by J. Ackley, supported by M. Serio, to approve the minutes of the 2-8-2023 meeting and waive the reading thereof
Motion carried**
- V. Audience Participation
None
- VI. Old Business
 - a. Board Information: March Finance Report – FY2023 as of February 28th
 - M. Berg presented.
- VII. Closed Session with CMHPSM Attorneys on Lawsuit
**Motion by B. King, supported by M. Serio, to go into closed session to discuss litigation and trial strategy with attorneys regarding Case No. 2:16-cv-10936-PDB-EAS, pending in the Eastern District of Michigan, because discussion in open session will be detrimental to our financial, settlement, and trial positions in the case
Motion carried**
Roll Call Vote
Yes: Ackley, Frederick, King, Welch Marahar, Rooks, Serio, Terrill, Tillotson
No:
Non-voting: Bridge
Absent: Garber, Somerville

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- The Regional Board entered into closed session to meet with attorneys M. Debler and A. Brege. Staff members J. Colaianne, C. Witherow, and S. Weary were also present.
- All other meeting attendees were excused from the meeting.

Motion by M. Serio, supported by R. Tillotson, to re-enter in to open session

Motion carried

Roll Call Vote

Yes: Ackley, Frederick, King, Welch Marahar, Rooks, Serio, Terrill, Tillotson

No:

Non-voting: Bridge

Absent: Garber, Somerville

- Meeting attendees were re-admitted into the meeting.

VIII. CEO Performance Review Committee Update

- M. Serio presented the compiled SWOT feedback from board members, OPB members, and CMH directors. The positive review does not require any corrective action related to CEO performance.
- The CEO Evaluation Committee and J. Colaianne will meet to develop clear and tangible goals for next year's review.

IX. New Business

a. Board Action: FY2023 Q1 QAPIP Status Report

- C. Witherow presented.
- There were no significant risks for any of the indicators.

Motion by M. Welch Marahar, supported by R. Tillotson, to approve status report of the FY2023 Q1 Quality Assessment and Performance Improvement Program (QAPIP)

Motion carried

b. Board Action: SIS Assessor Transition / SIS Quality Lead Elimination

Motion by R. Tillotson, supported by A. Rooks, to 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.

Motion carried

c. Board Action: Contracts

Motion by M. Welch Marahar, supported by M. Serio, to authorize the CEO to execute the contracts/amendments as presented

Motion carried

d. Board Information: CEO Contract Authority Update

- J. Colaianne approved the region's participation of the CMHPSM at 5.4% of an Michigan Consortium of Healthcare Excellence (MCHE) project with the other 8 MCHE members, enacted within CEO contract authority.

e. Board Information: Annual Board Governance Review

- The Board will review the Board Governance Manual and policies listed below and forward any concerns/questions to the CEO. These items will be presented to the board in June for approval.
 - i. Board Governance Manual
 - ii. CMHPSM Bylaws
 - iii. CMHPSM CEO Authority – Employee Position Control and Compensation
 - iv. CMHPSM CEO General Scope of Authority
 - v. Conflict of Interest Policy

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.

- vi. Financial Stability & Risk Reserve Management
- vii. Investing
- viii. Procurement

X. Reports to the CMHPSM Board

- a. Board Information: FY2023 Q1-Q2 Strategic Metrics Report
 - J. Colaianne presented the 6-month report.
 - Going forward, an explanation of quadruple aim will be included in the report.
- b. Board Information: 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.
- c. Update on CMHPSM Finance Department Incident
 - J. Colaianne advised the board of a situation in which the PIHP sent money to a false vendor based on a bad actor gaining control of a provider's email address. Staff didn't follow established process in verifying contact through phone or video call.
 - The PIHP continues to work with the Ann Arbor Police Department, the Michigan Municipal Risk Management Authority (MMRMA), and JP Morgan Chase bank fraud department, in an attempt to reclaim the money.
 - The funds will have to come out of PBIP, which are the only local dollars the PIHP has.
 - J. Colaianne will continue to update the board.
- d. Lakeshore PIHP Deficit Lawsuit Update
 - Lakeshore won their lawsuit against the state of Michigan, regarding the use of current year's funds to pay past-year's deficits.

XI. Adjournment

Motion by A. Rooks, supported by M. Serio, to adjourn the meeting

Motion carried

Meeting adjourned at 7:45 p.m.

Judy Ackley, CMHPSM Board Vice-Chair

**Community Mental Health Partnership
of Southeast Michigan**

Financial Statements
September 30, 2022



Independent Auditor’s Report

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Separate Cover



Independent Auditor's Report

To the Members of the Board
Community Mental Health Partnership of Southeast Michigan
Ann Arbor, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Community Mental Health Partnership of Southeast Michigan (the Entity), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Entity's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Entity, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Entity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery,

intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2023, on our consideration of the Entity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Entity's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Entity's internal control over financial reporting and compliance.

Sincerely,



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

April 27, 2023

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**



Community Mental Health Partnership of Southeast Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
FY 2022

Responsibility

The Community Mental Health Partnership of Southeast Michigan (CMHPSM) came into existence on January 1, 2014 as a result of the State of Michigan's consolidation of the 18 Prepaid Inpatient Health Plans (PIHP) operated by select Community Mental Health Service Programs (CMHSPs), into 10 distinct regional entities acting as PIHPs, created by the CMHSPs. As the Region Six PIHP, the CMHPSM is primarily responsible for the operation of the following:

1. Concurrent 1915(b)/(c) Medicaid Waivers which include Autism, Child Waiver, EPSDT, HSW and SED waiver.
2. 1115 Demonstration Waiver
3. Healthy Michigan Plan
4. Autism Benefit
5. Substance Use Disorder Service Funding (Medicaid, HMP, Block Grant, PA2)
6. Other public funding within its designated four-county region of Lenawee, Livingston, Monroe, and Washtenaw related to Substance Use Prevention, Gambling, Veterans Service coordination and other programming.

As part of the operation of these programs, the CMHPSM must ensure that it is sufficiently staffed to carry out the administrative requirements and obligations of our revenue contracts.

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 of people living in our region.

Financial Overview

Financial statements provided use the Enterprise Fund Presentation, which is a form of Proprietary Fund.

The Proprietary Fund financial statements are designed to provide readers with a broad overview of the organization's finances in a manner similar to a private sector business. Business type activities include services primarily funded through user charges.

Within the enterprise fund used to record the Revenues and Expenses associated with Operations, further structure was developed in order to identify the following:

1. Detail of the different funding sources provided to the CMHPSM
2. Detail of Finance, Information Management and other administrative expenses required to operate the CMHPSM
3. Detail of the funding provided by the CMHPSM to the four County CMHSPs and Substance Use Disorder services by program.

Community Mental Health Partnership of Southeast Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
FY 2022

Structuring the CMHPSM's Revenues and Expenses in this manner supports both the development of the Financial Statements for the Annual Financial Audit, as well as the State of Michigan contractual reporting requirements.

The CMHPSM has one Proprietary Fund for recording of Revenues and Expenses associated with the PIHP Operations, and a second Fund for the recording of funding related to the PIHP's Internal Services Fund (ISF). The ISF is the primary element of the CMHPSM's Risk Management Strategy to protect service delivery at the four CMHSP's should unexpected expense increases or revenue reductions occur without sufficient time to respond given the resources planned to be available during the Budget Development Cycle.

Fund Financial Statements

The proprietary funds financial statements are intended to provide an overview of CMHPSM's major areas of funding as the PIHP. Funds are separated to maintain the integrity of the reporting and to meet all funding and regulatory restrictions on the allowable expenses of each funding source.

Notes to the Financial Statements

The notes provide additional information that is essential to the full understanding of the financial data provided in the financial statements. These notes are an integral part of the financial statements and should be viewed in conjunction with the information included in the statements.

Statement of Net Position

The CMHPSM's Net Position is comprised entirely of resources that are subject to external restrictions on how they may be used.

Community Mental Health Partnership of Southeast Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FY 2022

	2022	2021
Assets		
Cash and Cash Equivalents	32,763,522	28,205,679
Receivables	41,703,396	22,390,715
Prepaid Expenses	100,031	83,347
Capital Assets	311,000	-
Total Assets	74,877,949	50,679,741
Liabilities		
Accounts Payable and Accrued Liabilities	34,964,622	16,283,387
Unearned Revenue	21,879,747	17,283,487
Compensated Balances	60,245	57,380
Lease Liability	318,910	
Total Liabilities	57,223,524	33,624,254
Net Position		
Net Investment in Capital Assets	(7,910)	
Restricted for Risk Management	15,701,187	15,026,143
Unrestricted	1,961,148	2,028,442
Total Net Position	17,654,425	17,054,585

Statement of Activities Including Change in Net Position

The statement of activities lists the major areas of funding received by the CMHPSM. Funding provided for Mental Health Managed Specialty Supports and Services Concurrent Waiver Programs by the Michigan Department of Health and Human Services (MDHHS) represents 95% of the total annual funding. The remaining revenue is State grants, PA2 Tax Revenue and Local Match Drawdown. Local Match Drawdown is collected by the CMHPSM from the CMHSPs and passed on to MDHHS as required by the CMHPSM contract with MDHHS.

Behavioral Health Services represent 89% of annual expenditures, Substance Use Disorder Services represent 9% of the annual expenses of CMHPSM. Administrative Expense represents less than 1% of annual expenses.

Community Mental Health Partnership of Southeast Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FY 2022

Revenues

Medicaid Capitation	169,953,489
Healthy Michigan Plan	14,403,306
Autism	15,921,214
Medicaid Substance Abuse	14,431,267
CCBHC	4,294,676
Health Homes	324,718
PA2	3,050,000
State and Federal Grants	6,960,013
Affiliation Charges	187,277
Contributions-Local Match Drawdown from CMHSPs	940,504
Incentives	219,917
Investment Income	14,668

Total Revenues	230,701,050
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Expenditures

Funding for Lenawee CMHSP	21,888,960
Funding for Livingston CMHSP	38,413,930
Funding for Monroe CMHSP	40,845,157
Funding for Washtenaw CMHSP	98,626,685
SUD Expenditures	20,472,760
Hospital Rate Adjuster Payments	5,179,328
Insurance Provider Assessment Tax	1,939,711
Local Match Drawdown	940,504
Administrative Expense	1,794,175

Total Expenditures	230,101,210
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Excess of Revenue Over Expenditures	599,840
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Factors Impacting the Future

There are many factors impacting the financial position of the Community Mental Health Partnership of Southeast Michigan (CMHPSM) as the Pre-Paid Inpatient Health Plan (PIHP), and its four Community Mental Health Service Program (CMHSP) partners within our four-county region. Projecting and budgeting revenue continue to be a difficult endeavor due to the volatile nature of our funding streams derived from MDHHS which are based upon a monthly capitated payment process which has frequent rate changes and monthly population variation. Forecasting the costs of delivering behavioral health services within the CMHPSM region is always complicated. The CMHPSM region is a long-established partnership that has year after year managed its expenditures within the revenue allocated until rates were redeveloped beginning in

Community Mental Health Partnership of Southeast Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
FY 2022

FY2016 for FY2017-FY2019. While the deficits of FY2017, FY2018 and FY2019 continue to impact the financial position of the CMHPSM, the strong financial showing in FY2020 through FY2022 has significantly reversed that trend.

Revenue

There are issues related to revenue forecasting every year due to the lag in rate setting information for each upcoming fiscal year. The budget for each fiscal year is developed several months prior to Michigan Department of Health and Human Services (MDHHS) notification of capitation payment rates and eligible estimates. The CMHPSM Board of Directors reviews and approves an initial annual budget in September for the subsequent fiscal year beginning on October 1. Development of the annual budget begins in April, six months prior to its implementation. The statewide actuarial certification for capitation payments is not typically complete and added to our PIHP contract until after the start of the that fiscal year.

Revenue from the capitated payments that the CMHPSM receives as the PIHP is derived by the number of actual eligible individuals within the four-county region, which fluctuates continually every month. The difficulty in projecting revenue stems from this ongoing uncertainty of both the number of eligible individuals within each program eligibility category and the capitation payment rates associated with those programs. The CMHPSM receives PMPM (Per Member Per Month) capitation payments for everyone who has Medicaid, Healthy Michigan and/or Habilitation Supports Waiver insurance coverage in that given month. The total revenue received in these monthly payments is derived from a rate setting methodology which is considered to be actuarially sound on a statewide basis. FY2022 saw a continued elevation of individuals eligible for Healthy Michigan or TANF benefits.

Beginning in FY2020 a rate methodology change that is more favorable to our region's rates began which was more fully implemented in FY2021. Our FY2022 capitation rates are more favorable to the CMHPSM in comparison to the previous rate methodology in place for FY2017, FY2018 and FY2019. Our rates have also had direct care premium pay included for the past two fiscal years.

Expenses

The CMHPSM region has experienced a decrease in our service expenditure levels regionally during FY2020 and FY2021 due to the COVID pandemic. We have begun to see an upward trend in service levels in FY 2022 towards pre-pandemic levels.

Financial Status

The continued uncertainty related to the future of PIHPs and CMHSPs impacts our look to the future as well. Upcoming changes to Michigan's Medicaid waiver applications, rate setting practices, program expansions, and service array, make projections for the future difficult.

The financial status of the CMHPSM in FY2022 is positive and includes a fully funded ISF and significant carryforward funds for FY 2023. Current and future financial status projections are more closely aligned with the majority of our region's positive fiscal history, rather than the outlier

Community Mental Health Partnership of Southeast Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
FY 2022

period of FY2017- FY2019. The CMHPSM projects to have a much clearer picture of our financial status as the deficit from those years is allowed to be eliminated. The CMHPSM is awaiting MDHHS response on revised FSRs for FY2018, FY2019 and FY2020 to denote allowable changes to ISF activity related to our financial status. These revisions allow for a more accurate reporting of the CMHPSM's financial status during the deficit years. Upon approval from MDHHS the CMHPSM would be able to eliminate the deficit in the ISF, repay the CMHSPs for the PIHP share of the risk corridor and move forward with a more positive financial future.

Requests for Information

This financial report is designed to provide a general overview of the finances of the Community Mental Health Partnership of Southeast Michigan. Questions concerning this information may be directed to Matt Berg, CMHPSM CFO at 3005 Boardwalk Dr. Suite 200, Ann Arbor, Michigan 48108.

BASIC FINANCIAL STATEMENTS



Community Mental Health Partnership of Southeast Michigan
Statement of Net Position
September 30, 2022

	Mental Health Operating	Medicaid Risk Reserve	Total Proprietary Funds
Current assets			
Cash and cash equivalents	\$ 17,735,389	\$ 15,028,133	\$ 32,763,522
Accounts receivable	88	-	88
Due from other funds	-	673,054	673,054
Due from other agencies	962,339	-	962,339
Due from affiliate partners	24,173,427	-	24,173,427
Due from MDHHS	15,894,488	-	15,894,488
Prepaid expenses	100,031	-	100,031
Total current assets	<u>58,865,762</u>	<u>15,701,187</u>	<u>74,566,949</u>
Noncurrent assets			
Capital assets being depreciated, net	311,000	-	311,000
Total noncurrent assets	<u>311,000</u>	<u>-</u>	<u>311,000</u>
Total assets	<u>59,176,762</u>	<u>15,701,187</u>	<u>74,877,949</u>
Current liabilities			
Accounts payable	2,116,195	-	2,116,195
Due to other funds	673,054	-	673,054
Due to other agencies	1,273,272	-	1,273,272
Due to affiliate partners	24,104,275	-	24,104,275
Due to MDHHS	6,797,826	-	6,797,826
Unearned revenue	21,879,747	-	21,879,747
Compensated absences, due within one year	9,037	-	9,037
Lease liability, due within one year	122,390	-	122,390
Total current liabilities	<u>56,975,796</u>	<u>-</u>	<u>56,975,796</u>
Noncurrent liabilities			
Compensated absences, due beyond one year	51,208	-	51,208
Lease liability, due beyond one year	196,520	-	196,520
Total noncurrent liability	<u>247,728</u>	<u>-</u>	<u>247,728</u>
Total liabilities	<u>57,223,524</u>	<u>-</u>	<u>57,223,524</u>
Net position			
Net investment in capital assets	(7,910)	-	(7,910)
Restricted for risk management	-	15,701,187	15,701,187
Unrestricted	1,961,148	-	1,961,148
Total net position	<u>\$ 1,953,238</u>	<u>\$ 15,701,187</u>	<u>\$ 17,654,425</u>

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

Community Mental Health Partnership of Southeast Michigan
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended September 30, 2022

	Mental Health Operating	Medicaid Risk Reserve	Total Proprietary Funds
Operating revenues			
Medicaid capitation	\$ 169,953,489	\$ -	\$ 169,953,489
Healthy Michigan	14,403,306	-	14,403,306
Autism	15,921,214	-	15,921,214
Behavioral health home	180,022	-	180,022
CCBHC	4,294,676	-	4,294,676
Incentives	219,917	-	219,917
Opioid health home	144,696	-	144,696
Substance use	14,431,267	-	14,431,267
PA2 revenues	3,050,000	-	3,050,000
State and federal grants	6,960,013	-	6,960,013
Affiliation charges	187,277	-	187,277
Contributions - Local match drawdown	940,504	-	940,504
Total operating revenues	230,686,381	-	230,686,381
Operating expenses			
Funding for affiliate partners			
Lenawee Community Mental Health Authority	21,888,960	-	21,888,960
Community Mental Health Services of Livingston County	38,413,930	-	38,413,930
Monroe Community Mental Health Authority	40,845,157	-	40,845,157
Washtenaw County Community Mental Health	98,626,685	-	98,626,685
Total funding for CMHSP partners	199,774,732	-	199,774,732
Substance use disorder expense			
Contracted services - Behavioral Health Home	18,253	-	18,253
Contracted services - Medicaid and Healthy Michigan	9,349,251	-	9,349,251
Contracted services - PA2	3,050,000	-	3,050,000
Contracted services - Prevention	883,517	-	883,517
Contracted services - State agreement	5,288,385	-	5,288,385
Other grant funded	295,739	-	295,739
SUD administrative	1,587,615	-	1,587,615
Total substance use disorder expense	20,472,760	-	20,472,760
Other contractual obligations			
Hospital Rate Adjuster	5,179,328	-	5,179,328
Use and IPA Tax	1,939,711	-	1,939,711
Local match	940,504	-	940,504
Total other contractual obligations	8,059,543	-	8,059,543
Administrative expense			
Capital outlay - under \$5,000	51,985	-	51,985
Conferences	5,627	-	5,627
Depreciation	124,400	-	124,400
Dues and memberships	5,530	-	5,530
Insurance	9,185	-	9,185
Legal and accounting	14,484	-	14,484
Professional contracts	334,362	-	334,362
Salaries and fringes	1,199,058	-	1,199,058
Supplies	9,580	-	9,580

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

Community Mental Health Partnership of Southeast Michigan
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended September 30, 2022

	Mental Health Operating	Medicaid Risk Reserve	Total Proprietary Funds
Travel and training	\$ 15,994	\$ -	\$ 15,994
Utilities	15,008	-	15,008
Total administrative expense	1,785,213	-	1,785,213
Total operating expenses	230,092,248	-	230,092,248
Operating income (loss)	594,133	-	594,133
Nonoperating revenues (expenses)			
Investment income	12,679	1,990	14,669
Interest expense	(8,962)	-	(8,962)
Total nonoperating revenues (expenses)	3,717	1,990	5,707
Transfer in (out)	(673,054)	673,054	-
Change in net position	(75,204)	675,044	599,840
Net position, beginning of year	2,028,442	15,026,143	17,054,585
Net position, end of year	\$ 1,953,238	\$ 15,701,187	\$ 17,654,425

Community Mental Health Partnership of Southeast Michigan
Statement of Cash Flows
For the Year Ended September 30, 2022

	Mental Health Operating	Medicaid Risk Reserve	Total Proprietary Funds
Cash flows from operating activities			
Receipts from the State and other governments	\$ 225,431,313	\$ 14,353,089	\$ 239,784,402
Payments to employees	(1,258,979)	-	(1,258,979)
Payments to affiliates and other governments	(212,165,051)	-	(212,165,051)
Payments to suppliers and providers	(21,691,658)	-	(21,691,658)
Net cash provided by (used in) operating activities	(9,684,375)	14,353,089	4,668,714
Cash flows from capital and related financing activities			
Acquisition of capital assets	(435,400)	-	(435,400)
Proceeds from lease obligation	435,400	-	435,400
Payment of lease lease	(116,490)	-	(116,490)
Payment of interest	(8,962)	-	(8,962)
Net cash provided by capital and related financing activities	(125,452)	-	(125,452)
Cash flows from noncapital financing activities			
Transfers from other funds	(673,054)	673,054	-
Net cash provided by noncapital financing activities	(673,054)	673,054	-
Cash flows from investment activities			
Investment income	12,679	1,990	14,669
Net cash provided by (used in) investment activities	12,679	1,990	14,669
Net increase in cash and cash equivalents	(10,470,202)	15,028,133	4,557,931
Cash and cash equivalents, beginning of year	28,205,591	-	28,205,591
Cash and cash equivalents, end of year	\$ 17,735,389	\$ 15,028,133	\$ 32,763,522
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 594,133	\$ -	\$ 594,133
Depreciation expense	124,400	-	124,400
Changes in assets and liabilities:			
Due from other funds	-	14,353,089	14,353,089
Due from other agencies	(699,133)	-	(699,133)
Due from affiliate partners	(17,873,614)	-	(17,873,614)
Due from MDHHS	(66,792)	-	(66,792)
Prepaid expenses	(16,684)	-	(16,684)
Accounts payable	(740,459)	-	(740,459)
Accrued payroll and benefits	(62,336)	-	(62,336)
Due to other funds	(14,353,089)	-	(14,353,089)
Due to other agencies	129,392	-	129,392
Due to affiliate partners	13,542,838	-	13,542,838
Due to MDHHS	5,138,294	-	5,138,294
Unearned revenue	4,596,260	-	4,596,260
Compensated absences	2,415	-	2,415
Net cash provided by (used in) operating activities	\$ (9,684,375)	\$ 14,353,089	\$ 4,668,714

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

**NOTES TO THE
FINANCIAL STATEMENTS**



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

Community Mental Health Partnership of Southeast Michigan was formed by the Community Mental Health Services Program (CMHSP) Participants to serve as the prepaid inpatient health plan (“PIHP”) for the four counties designated by the Michigan Department of Health and Human Services as Region 6. The CMHSP Participants include Lenawee Community Mental Health Authority, Community Mental Health Services of Livingston County, Monroe Community Mental Health Authority and Washtenaw County Community Mental Health.

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

Financial Statement Presentation

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

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

All amounts shown are in U.S. dollars.

Fund Accounting

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

The Entity reports the following major enterprise fund:

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

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

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

During the course of operations, the Entity has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out.

Basis of Accounting and Measurement Focus

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

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

Cash and Cash Equivalents

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

Accounts Receivable/Payable

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

Due from/Due to Other Governmental Units

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

Inventories

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

Prepaid Expenses

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

Capital Assets

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

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

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

Assets	Years
Computers and software	3
Right to use asset - building	4

The Entity reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value. If it is determined that an impairment loss has occurred, the

asset is written down to its net realizable value and a related expense is recognized in the current year.

Accrued Payroll and Benefits

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

Unearned Revenue

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

Compensated Absences

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

Deferred Outflows of Resources

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

Deferred Inflows of Resources

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

Leases as a Lessee

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

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

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

- The Entity uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Entity generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Entity is reasonably certain to exercise.

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

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

Net Position

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

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

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

Restrictions on Net Position

Medicaid Risk Reserve

The Entity authorized the establishment of an internal service fund. This fund is used to cover the risk associated with Managed Care Specialty Services Program Contract. This contract provides for the use of Michigan Department of Health and Human Services (MDHHS) funding for the establishment of Internal Service Funds.

MDHHS Revenue

The Entity serves as the Pre-Paid Inpatient Health Plan for the area that includes Lenawee, Livingston, Monroe and Washtenaw Counties. The Entity contracts directly with the MDHHS to administer mental health and substance abuse revenues for covered services provided to eligible residents of these counties.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

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

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

Custodial credit risk

In the case of deposits, this is the risk that, in the event of a bank's failure, the Entity's deposits may not be returned to it. The Entity evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution. Only those institutions with an acceptable estimated risk level are used as depositories. The Entity bank balance was \$32,859,893 and \$32,609,893 of that amount was exposed to custodial credit risk because it was uninsured by FDIC.

NOTE 3 – ACCOUNTS RECEIVABLE

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

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

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

Description	Due from Other Funds	Due to Other Funds
Mental health operating	-	673,054
Medicaid risk reserve	673,054	-
Total	673,054	673,054

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

NOTE 5 - DUE FROM OTHER AGENCIES

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

Description	Amount
Lenawee County PA2	153,892
Livingston County PA2	226,453
Monroe County PA2	168,564
Washtenaw County PA2	413,337
Other	93
Total	962,339

NOTE 6 - DUE FROM AFFILIATE PARTNERS

Due from other affiliate partners as of September 30th consists of the following:

Description	Amount
Lenawee Community Mental Health Authority	6,974,176
Community Mental Health Services of Livingston County	7,572,498
Monroe Community Mental Health Authority	688,490
Washtenaw County Community Mental Health	8,938,263
Totals	24,173,427

Community Mental Health Partnership of Southeast Michigan
Notes to the Financial Statements
September 30, 2022

NOTE 7 - DUE FROM MDHHS

Due from MDHHS as of September 30th consists of the following:

Description	Amount
Due from MDHHS - PBIP/Withhold	2,053,505
Due from MDHHS - FY18 State Shared Risk	7,517,412
Due from MDHHS - FY19 State Shared Risk	3,479,703
Due from MDHHS - HRA 4th Quarter	1,273,262
Grants Receivable	1,570,606
Totals	15,894,488

NOTE 8 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets being depreciated					
Computers and software	78,000	-	-	-	78,000
Right to use - building	-	435,400	-	-	435,400
Total capital assets being depreciated	78,000	435,400	-	-	513,400
Accumulated depreciation					
Computers and software	(78,000)	-	-	-	(78,000)
Right to use - building	-	(124,400)	-	-	(124,400)
Total accumulated depreciation	(78,000)	(124,400)	-	-	(202,400)
Capital assets being depreciated, net	-	311,000	-	-	311,000

NOTE 9 - DUE TO OTHER AGENCIES

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

Description	Amount
Hospital Rate Adjustment (HRA)	1,273,272
Total	1,273,272

NOTE 10 - DUE TO AFFILIATE PARTNERS

Due to Affiliate Partners as of September 30th consists of the following:

Description	Amount
Community Mental Health Services of Livingston County	3,164,312
Monroe Community Mental Health Authority	6,847,718
Washtenaw County Community Mental Health	14,092,245
Total	24,104,275

Community Mental Health Partnership of Southeast Michigan
Notes to the Financial Statements
September 30, 2022

NOTE 11 - DUE TO MDHHS

Due to MDHHS as of September 30th consists of the following:

Description	Amount
Q4 Local Match	235,126
FY 21 DCW Lapse	119,843
FY 22 MCAID/HMP Lapse	4,660,453
FY 22 CCBHC	401,024
OHH Recoupment	41,741
FY22 DCW Lapse	1,339,639
Total	6,797,826

NOTE 12 - UNEARNED REVENUE

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

Description	Amount
Unearned PBIP	1,922,717
Medicaid carryforward	8,527,939
Healthy Michigan carryforward	6,465,573
Unearned PA2	4,963,518
Total	21,879,747

NOTE 13 – LEASE LIABILITY

The Entity entered into a 4-year lease agreement as lessee for the use of the Boardwalk building. An initial lease liability was recorded in the amount of \$435,400 during the current fiscal year. As of year-end, the value of the lease liability was \$318,910. The Entity is required to make monthly principal and interest payments of \$10,300. The lease has an interest rate of 2.59%. The value of the right-to-use asset as of the end of the current fiscal year was \$435,400 and had accumulated amortization of \$124,400. The future principal and interest lease payments as of year-end were as follows:

Fiscal Year Ended September 30,	Principal	Interest	Total
2023	122,390	6,826	129,216
2024	129,521	3,572	133,093
2025	66,999	531	67,530
Total	318,910	10,929	329,839

NOTE 14 - LONG-TERM LIABILITIES

Summary of Long-Term Debt

The changes in long-term debt during the fiscal year are as follows:

	Beginning Balance	Additions	(Deletions)	Ending Balance	Due within one year
Compensated absences	57,830	11,090	(8,675)	60,245	9,037
Lease liability	-	435,400	(116,490)	318,910	122,390
Total	57,830	446,490	(125,165)	379,155	131,427

NOTE 15 - NET INVESTMENT IN CAPITAL ASSETS

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

Net investment in capital assets	Amount
Capital assets not being depreciated	-
Capital assets being depreciated, net	311,000
Capital related long-term liabilities	(318,910)
Net investment in capital assets	(7,910)

NOTE 16 – RETIREMENT PLANS

Defined Contribution Retirement Plan – 401(a)

Plan Description

The Entity offers all employees a retirement plan created in accordance with the Internal Revenue Code, Section 401(a). The assets of the plan were held in trust for the exclusive benefit of the participants (employees) and their beneficiaries. United of Omaha Life Insurance Company acts as the custodian for the plan and holds the custodial account for the beneficiaries of this Section 401(a) plan.

The assets may not be diverted to any other use. United of Omaha Life Insurance Company are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. Plan balances and activities are not reflected in the Entity’s financial statements.

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

Eligibility

All employees are eligible once they are over the age of 21.

Contributions

The Entity matches (into the 401(a) plan) the first 3.0% of the employee contribution into the 457 plan. An additional employer match of up to 3.0% is available if the employee contributes up to an additional 3.0%. Maximum employer match is 6.0% with employee contribution of 6.0%.

Normal Retirement Age & Vesting

Retirement age as defined by the plan is 59 1/2 years of age. Contributions are vested immediately.

Forfeitures

Contributions are 100% vested immediately. Therefore, there are no forfeitures.

Funding

For the year ended September 30th, employer contributions amounted to \$100,310. The outstanding liability to the

plan at year-end was \$0.

Deferred Compensation Retirement Plan – 457

Plan Description

The Entity offers all employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plan were held in trust, as described in IRC Section 457 for the exclusive benefit of the participants (employees) and their beneficiaries. United of Omaha Life Insurance Company acts as the custodian for the plan and holds the custodial account for the beneficiaries of this plan.

The assets may not be diverted to any other use. United of Omaha Life Insurance Company is the agent of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the Entity's financial statements.

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

This plan is funded solely by employee contributions.

Eligibility

All employees are eligible once they are over the age of 21.

Contributions

The Entity matches (into the 401(a) plan) the first 3.0% of the employee contribution into the 457 plan. An additional employer match of up to 3.0% is available if the employee contributes up to an additional 3.0%. Maximum employer match is 6.0% with employee contribution of 6.0%.

Normal Retirement Age & Vesting

Retirement age as defined by the plan is 59 1/2 years of age. Contributions are vested immediately.

Forfeitures

Contributions are 100% vested immediately. Therefore, there are no forfeitures.

Funding

For the year ended September 30th, contributions by employees amounted to \$113,381. The outstanding liability to the plan at year-end was \$0.

NOTE 17 - RISK MANAGEMENT

Commercial Insurance

The Entity is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (worker's compensation), as well as medical benefits provided to employees. The Entity has purchased commercial insurance from independent insurance providers. Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage obtained through commercial insurance during the past year.

Risk Reserve Fund

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

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

NOTE 18 – CONTINGENT LIABILITIES

Under the terms of various federal and state grants and regulatory requirements, the Entity is subject to periodic audits of its agreements, as well as a cost settlement process under the full management contract with the state. Such audits could lead to questioned costs and/or requests for reimbursement to the grantor or regulatory agencies. Cost settlement adjustments, if any, as a result of compliance audits are recorded in the year that the settlement is finalized. The amount of expenses which may be disallowed, if any, cannot be determined at this time, although the Entity expects such amounts, if any, to be immaterial.

NOTE 19 – ECONOMIC DEPENDENCE

The Entity receives over 95% of its revenues directly from MDHHS.

NOTE 20 – TRANSFERS

The Mental Health Fund transferred \$673,054 to the Medicaid Risk Reserve Fund during the year for the purpose of covering the risk of future overspending of the Medicaid Managed Care Specialty Services Program Contract.

NOTE 21 - CHANGE IN ACCOUNTING PRINCIPLE

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

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

NOTE 22 - UPCOMING ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 96, *Subscription-based Information Technology Arrangements*, was issued by the GASB in May 2020 and will be effective for the Entity's fiscal year ending September 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

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

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

generally using an employee's pay rate as of the date of the financial statements.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Members of the Board
Community Mental Health Partnership of Southeast Michigan
Ann Arbor, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Community Mental Health Partnership of Southeast Michigan (the Entity), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Entity's basic financial statements, and have issued our report thereon dated April 27, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Sincerely,

Roslund, Prestage & Company, P.C.

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

April 27, 2023



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

To the Members of the Board
Community Mental Health Partnership of Southeast Michigan
Ann Arbor, Michigan

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

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Entity are described in the notes to the financial statements. The Entity changed accounting policies related to leases by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 87 Leases. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Note 21 - Change In Accounting Principle. We noted no transactions entered into by the Entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

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

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to management's discussion and analysis which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

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

Sincerely,

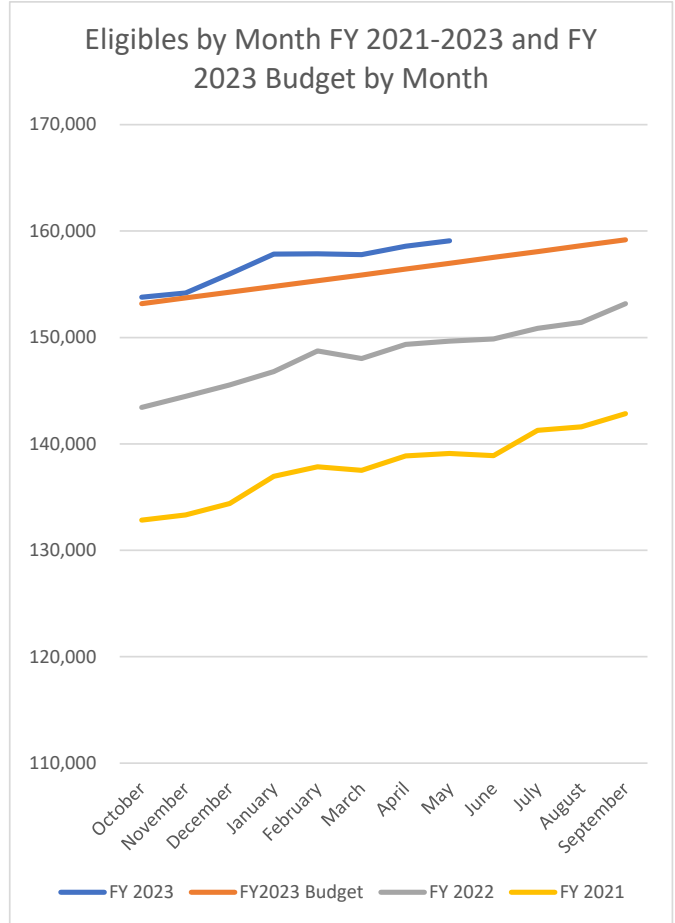
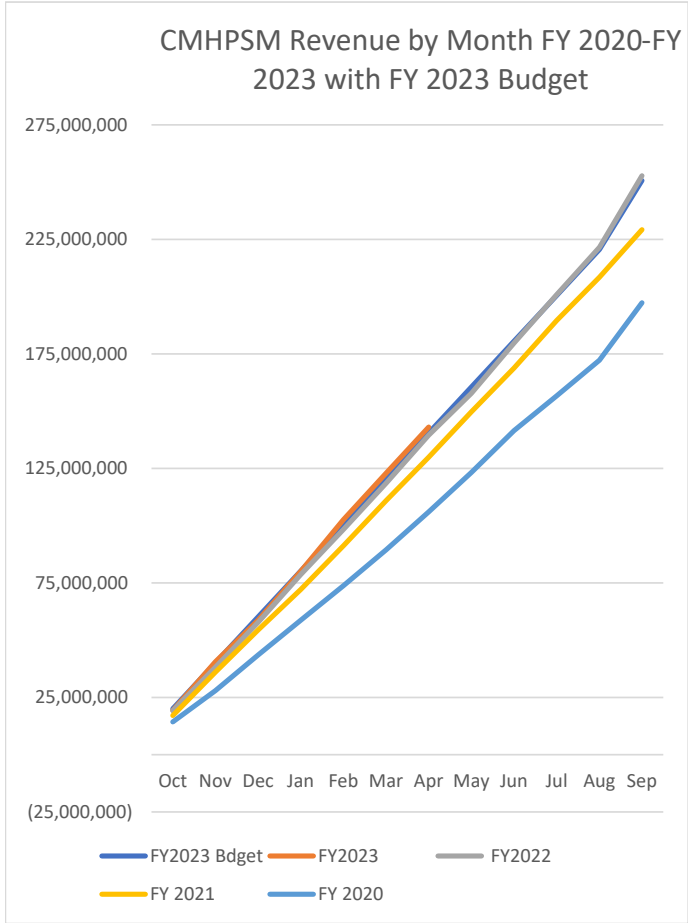


Roslund, Prestage & Company, P.C.
Certified Public Accountants



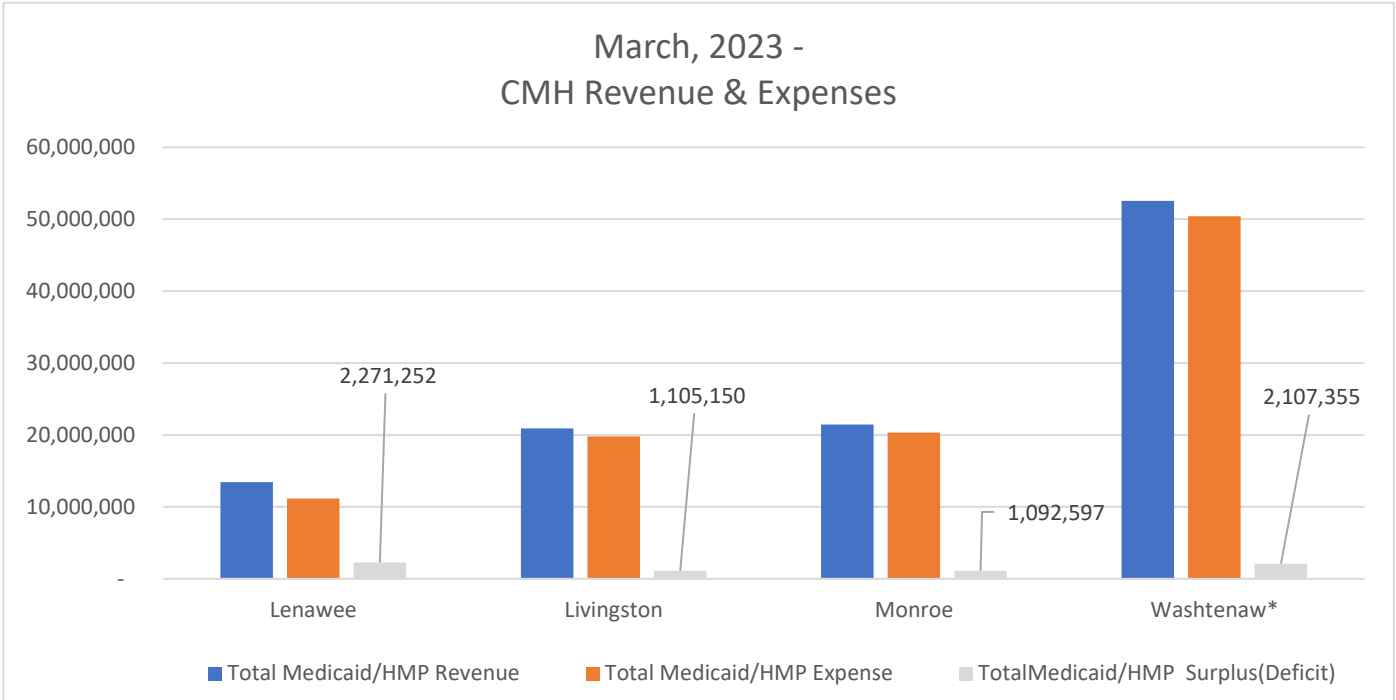
**Community Mental Health Partnership of Southeast Michigan
Financial Statements
September 30, 2022**

Community Mental Health Partnership of Southeast Michigan
Financial Summary for April 30, 2023



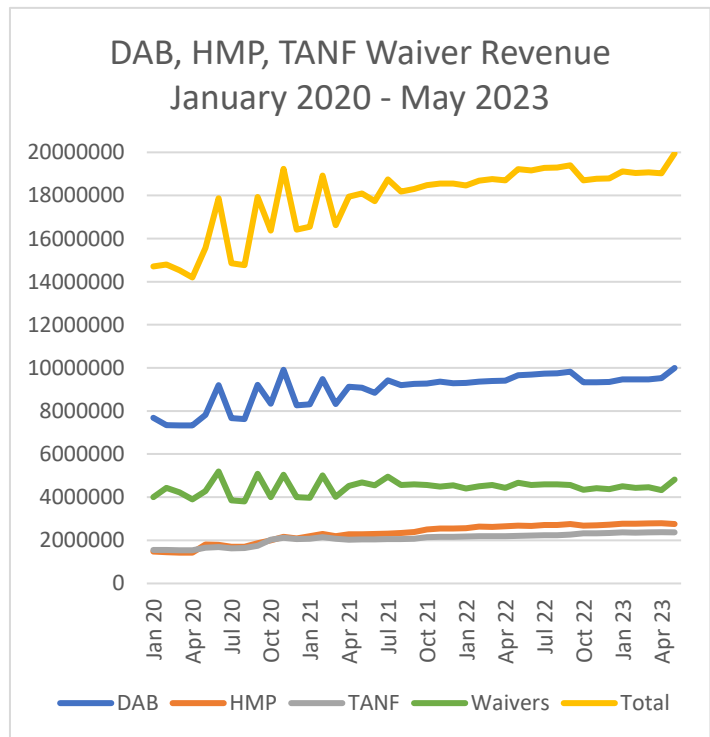
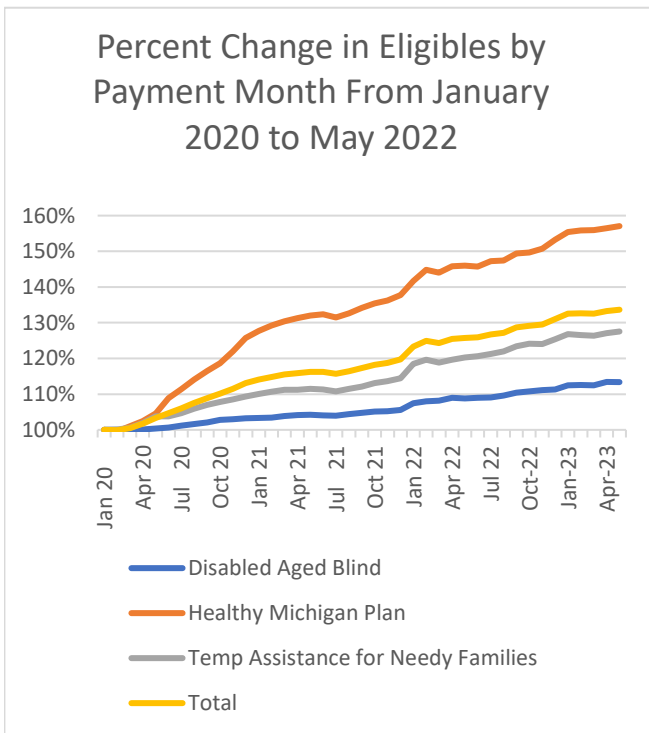
Operating Activities	Budget R1 FY 2022	YTD Budget	YTD Actual	Actual to Budget	Percent Variance	Projected Year-End	Projected to Budget
MH Medicaid Revenue	221,239,514	123,223,050	127,082,276	3,859,226	-3.1%	221,239,514	-
MH Medicaid Expenses	224,202,551	128,439,811	128,007,721	432,090	0.3%	224,202,551	-
MH Medicaid Net	(2,963,037)	(5,216,762)	(925,445)	4,291,316	-82.3%	(2,963,037)	-
SUD/Grants Revenue	26,232,600	14,359,170	14,502,618	143,448	1.0%	26,232,600	-
SUD/Grants Expenses	22,804,150	13,318,088	13,250,771	67,316	-0.5%	22,804,150	-
SUD/Grants Net	3,428,450	1,041,082	1,251,847	210,764	20.2%	3,428,450	-
PIHP							
PIHP Revenue	3,219,911	1,595,439	1,589,192	(6,247)	-0.4%	3,219,911	-
PIHP Expenses	3,197,487	1,653,503	1,593,738	(59,766)	3.6%	3,197,487	-
PIHP Total	22,424	(58,064)	(4,545)	(66,013)	-113.7%	22,424	-
Total Revenue	250,692,025	139,177,658	143,174,085	3,996,427	2.9%	250,692,025	0
Total Expenses	250,204,188	143,411,402	142,852,230	559,173	0.4%	250,204,188	0
Total Net	487,837	(4,233,744)	321,856	4,555,600	-107.6%	487,837	(0)

Regional CMH Revenue and Expenses
Regional Charts



February	Lenawee	Livingston	Monroe	Washtenaw*	Region
Total Medicaid/HMP Revenue	13,432,493	20,914,430	21,436,211	52,534,616	108,317,750
Total Medicaid/HMP Expense	11,161,241	19,809,280	20,343,614	50,427,261	101,741,396
Total Medicaid/HMP Surplus(Deficit)	2,271,252	1,105,150	1,092,597	2,107,355	6,576,354
Surplus Percent of Revenue	17%	5%	5%	4%	6%

* Includes CCBHC Revenue and Expense



Community Mental Health Partnership of Southeast Michigan
Preliminary Statement of Revenue and Expenses Notes
Period Ending April 31, 2023

SUMMARY PAGE

1. Operating cash was \$21,937,997 at the end of April 2023 compared to \$ 23,960,102
2. at the end of April 2022. The April 2023 numbers include \$15,247 invested in CDs with the Bank of Ann Arbor and \$19,851,271 invested in US Treasuries. The US Treasuries include funds from three sources:

ISF	\$ 7,000,000
PA2	4,000,000
Operations	8,851,271
Total	\$19,851,271

The operating cash numbers do not include the \$15,701,187 held in the ISF account or any funds due back to CMHPSM from cost settlement with the CMHs. The PA2 Reserve account of \$4,964,604 is also not included.

3. After two months of declines, the number of eligible Medicaid recipients went up again in May.

Medicaid Mental Health

1. Current Medicaid revenues less expenses show a net loss of (\$925,445) compared to a budgeted deficit of (\$5,216,762). The positive difference is due to strong Medicaid revenue.

Medicaid and Grant SUD

1. SUD Medicaid/HMP shows a surplus of \$1,251,847 compared to a budget of \$1,041,082. The stronger than budget showing is also due to stronger than budgeted revenue.

PIHP Administration

1. PIHP Administrative Revenue and Expenses are both within 5% of the budget.
2. The other expense category is overbudget by \$82,949. This includes the fraud loss of \$53,160 discussed at the last board meeting and \$36,545 in SIS contract costs originally budgeted in SIS salaries and benefits.
3. Overall, the FY 23 surplus is \$4,555,600 ahead of budget.

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

Total Due	\$	21,558,552

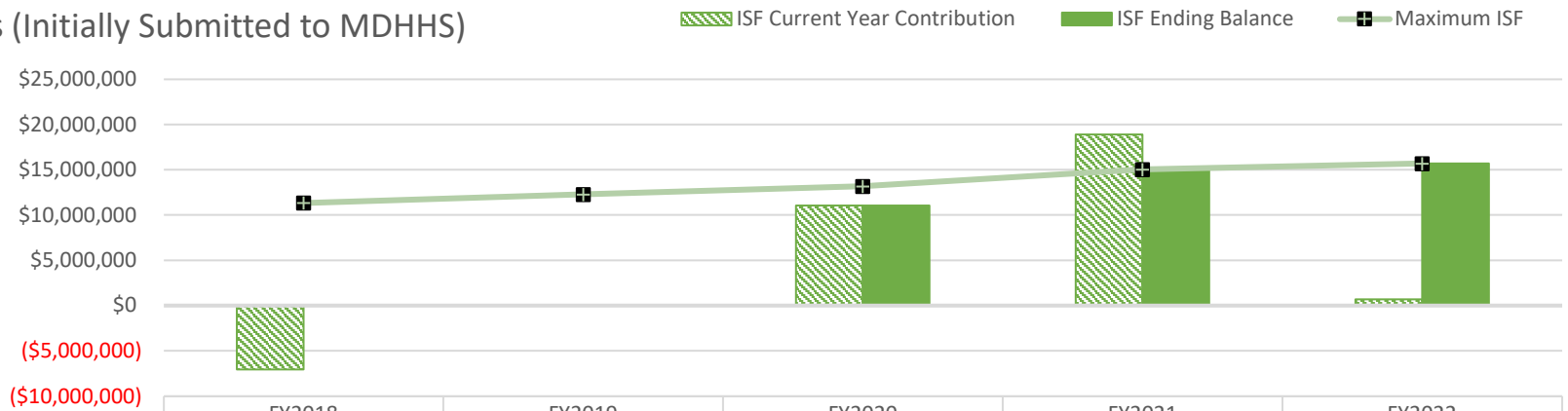
**Community Mental Health Partnership of Southeast Michigan
Preliminary Statement of Revenues and Expenditures
For the Period Ending April 30, 2023**

	Budget FY 2023	YTD Budget	YTD Actual	Actual O(U) Budget	Percent Variance	Projected Year-End	Projected O(U) Budget
MEDICAID							
MEDICAID REVENUE							
Medicaid (b) & 1115i	116,734,441	68,095,091	70,825,127	2,730,036	-4.0%	116,734,441	-
Medicaid Waivers	53,639,152	31,289,505	30,870,089	(419,416)	1.3%	53,639,152	-
Healthy Michigan Revenue	18,448,797	10,761,798	11,996,111	1,234,313	-11.5%	18,448,797	-
Medicaid Autism	16,267,125	9,489,156	9,052,084	(437,072)	4.6%	16,267,125	-
Prior Year Carry Forward	10,000,000	-	-	-	0.0%	10,000,000	-
Behavioral Health Home	650,000	379,167	358,772	(20,394)		650,000	-
CCBHC	2,000,000	1,166,667	2,735,156	1,568,490	-134.4%	2,000,000	-
HRA MCAID Revenue	2,000,000	1,166,667	692,384	(474,283)		2,000,000	-
HRA HMP Revenue	1,500,000	875,000	552,552	(322,448)		1,500,000	-
Medicaid Revenue	221,239,514	123,223,050	127,082,276	3,859,226	-3.1%	221,239,514	-
MEDICAID EXPENDITURES							
IPA MCAID	2,031,950	906,049	906,049	-	0.0%	2,031,950	-
IPA HMP	223,517	106,296	106,296	-	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	-
Lenawee CMH							
Medicaid (b) & 1115i	14,652,005	8,547,003	9,075,352.16	(528,349)	-6.2%	14,652,005	-
Medicaid Waivers	6,332,531	3,693,976	3,327,080.67	366,896	9.9%	6,332,531	-
Healthy Michigan Expense	4,719,346	2,752,952	2,528,064.21	224,888	8.2%	4,719,346	-
Autism Medicaid	1,322,668	771,557	708,528.45	63,028	8.2%	1,322,668	-
Behavioral Health Homes	60,000	35,000	19,966	15,034		60,000	-
DHIP	-	-	55,067	(55,067)		-	-
Lenawee CMH Total	27,086,551	15,800,488	15,714,059	86,429	0.5%	27,086,551	-
Livingston CMH							
Medicaid (b) & 1115i	22,712,650	13,249,046	13,946,129	(697,083)	-5.3%	22,712,650	-
Medicaid Waivers	10,347,972	6,036,317	4,957,027	1,079,289	17.9%	10,347,972	-
Healthy Michigan Expense	4,135,002	2,412,084	2,253,778	158,306	6.6%	4,135,002	-
Autism Medicaid	5,771,052	3,366,447	3,145,505	220,942	6.6%	5,771,052	-
Behavioral Health Homes	60,000	35,000	22,774	12,226		60,000	-
DHIP	-	-	97,956	(97,956)		-	-
Livingston CMH Total	43,026,675	25,098,894	24,423,169	675,724	2.7%	43,026,675	-
Monroe CMH							
Medicaid (b) & 1115i	26,401,165	15,400,680	16,107,610	(706,930)	-4.6%	26,401,165	-
Medicaid Waivers	10,770,650	6,282,879	5,663,648	619,231	9.9%	10,770,650	-
Healthy Michigan	3,285,257	1,916,400	1,757,459	158,941	8.3%	3,285,257	-
Autism Medicaid	2,606,757	1,520,608	1,394,492	126,116	8.3%	2,606,757	-
Behavioral Health Homes	60,000	35,000	46,562	(11,562)		60,000	-
DHIP	-	-	12,708	(12,708)		-	-
Monroe CMH Total	43,123,829	25,155,567	24,982,479	173,088	0.7%	43,123,829	-
Washtenaw CMH							
Medicaid (b) & 1115i	53,825,070	31,397,958	33,717,490	(2,319,532)	-7.4%	53,825,070	-
Medicaid Waivers	34,351,501	20,038,376	16,438,874	3,599,502	18.0%	34,351,501	-
Healthy Michigan Expense	7,597,382	4,431,806	4,032,800	399,007	9.0%	7,597,382	-
Autism Medicaid	7,116,076	4,151,044	3,777,314	373,730	9.0%	7,116,076	-
CCBHC	1,980,000	1,155,000	2,426,171	(1,271,171)	-110.1%	1,980,000	-
Behavioral Health Homes	340,000	198,333	199,431	(1,097)	-0.6%	340,000	-
DHIP	-	-	38,653	(38,653)		-	-
Washtenaw CMH Total	105,210,029	61,372,517	60,630,732	741,785	1.2%	105,210,029	-
Medicaid Expenditures	224,202,551	128,439,811	128,007,721	432,090	0.3%	224,202,551	-
Medicaid Total	(2,963,037)	(5,216,762)	(925,445)	4,291,316	-82.3%	(2,963,037)	-

**Community Mental Health Partnership of Southeast Michigan
Preliminary Statement of Revenues and Expenditures
For the Period Ending April 30, 2023**

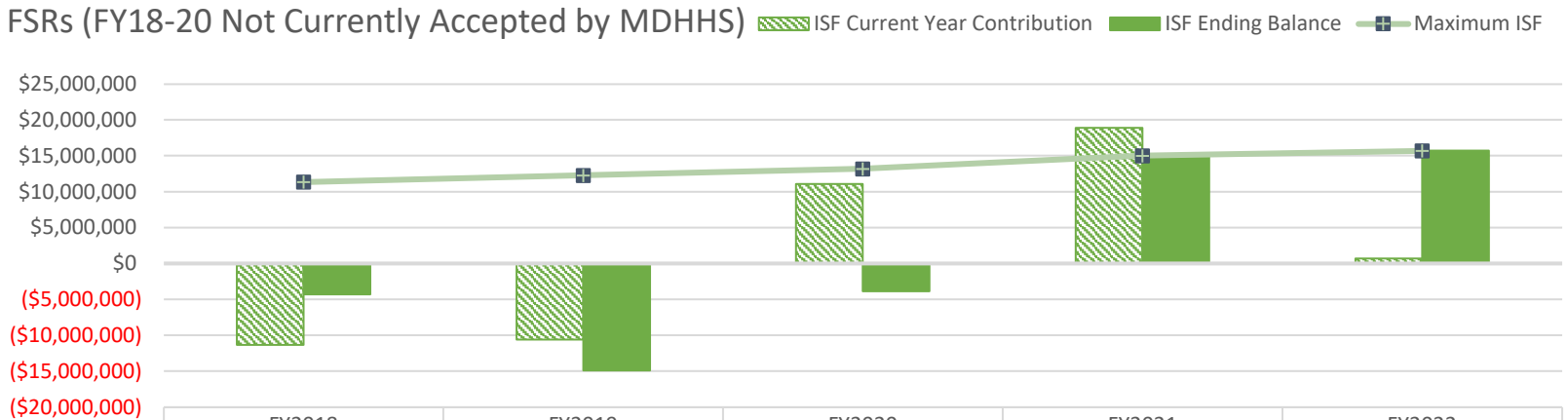
	Budget FY 2023	YTD Budget	YTD Actual	Actual O(U) Budget	Percent Variance	Projected Year-End	Projected O(U) Budget
SUD/GRANTS							
SUD/GRANTS REVENUE							
Healthy Michigan Plan SUD	10,344,199	6,034,116	6,305,563	271,446	4.5%	10,344,199	-
Medicaid SUD	3,473,674	2,026,310	2,364,321	338,012	16.7%	3,473,674	-
PA2 - Tax Revenue (Est)	1,800,000	239,621		(239,621)	-100.0%	1,800,000	-
PA2 - Use of Reserve (Est)	890,159	386,458	946,760	560,302	59.2%	890,159	-
Federal/State Grants	9,249,568	5,395,581	4,296,609	(1,098,972)	-20.4%	9,249,568	-
Opioid Health Homes	475,000	277,083	589,364	312,281	53.0%	475,000	-
SUD/Grants REVENUE	26,232,600	14,359,170	14,502,618	143,448	1.0%	26,232,600	-
				0			
				0			
SUD/GRANTS EXPENDITURES							
SUD Administration							
Salaries & Fringes	1,244,808	726,138	558,544	(167,594)	-23.1%	1,244,808	-
Contracts	309,168	180,348	93,459	(86,889)	-48.2%	309,168	-
Board Expense	1,000	583	222	(362)	-62.0%	1,000	-
Other Expenses	182,175	120,269	18,517	(101,751)	-84.6%	182,175	-
Indirect Cost Recovery	0	-		0			-
SUD Administration	1,737,151	1,027,338	670,742	(356,596)	-34.7%	1,737,151	-
Lenawee SUD Services	2,141,943	1,249,467	1,251,608	2,142	0.2%	2,141,943	-
Livingston SUD Services	2,566,539	1,497,148	1,292,911	(204,237)	-13.6%	2,566,539	-
Monroe SUD Services	2,952,548	1,722,320	2,058,328	336,009	19.5%	2,952,548	-
Washtenaw SUD Services	6,560,499	3,826,957	4,803,672	976,714	25.5%	6,560,499	-
Opioid Health Homes	380,000	221,667	350,486	128,819	58.1%	380,000	-
Veteran Navigation	200,000	116,667	90,855	(25,812)	-22.1%	200,000	-
COVID Grants	2,160,575	1,260,335	1,017,830	(242,505)	-19.2%	2,160,575	-
SOR	3,201,294	1,867,422	1,382,384	(485,038)	-26.0%	3,201,294	-
Gambling Prevention Grant	200,000	116,667	23,854	(92,813)	-79.6%	200,000	-
Tobacco	4,000	4,000	-	(4,000)		4,000	-
Women's Specialty Services	699,601	408,101	308,101	(100,000)	-24.5%	699,601	-
SUD/Grants Expenditures	22,804,150	13,318,088	13,250,771	67,316	-0.5%	22,804,150	-
SUD/Grants Total	3,428,450	1,041,082	1,251,847	210,764	20.2%	3,428,450	-
PIHP							
PIHP REVENUE							
Incentives (Est)	2,002,943	1,168,383	1,182,720	14,336	1.2%	2,002,943	-
Local Match	940,504	310,930	310,930	-		940,504	-
Other Income	276,464	116,126	95,542	(20,583)	-17.7%	276,464	-
PIHP Revenue	3,219,911	1,595,439	1,589,192	(6,247)	-0.4%	3,219,911	-
PIHP EXPENDITURES							
PIHP Admin							
Local Match	940,504	310,930	310,930	-	0.0%	940,504	-
Salaries & Fringes	1,465,246	854,727	717,484	(137,243)	-16.1%	1,465,246	-
Contracts	520,386	303,558	299,636	(3,923)	-1.3%	520,386	-
Other Expenses	269,351	183,122	264,508	81,386	44.4%	269,351	-
PIHP Admin	3,195,487	1,652,337	1,592,557	(59,779)	3.6%	3,195,487	-
Board Expense	2,000	1,167	1,180	14	1.2%	2,000	-
PIHP Expenditures	3,197,487	1,653,503	1,593,738	(59,766)	3.6%	3,197,487	-
PIHP Total	22,424	(58,064)	(4,545)	53,519	-92.2%	22,424	-
Organization Total	487,837	(4,233,744)	321,856	4,555,600	-107.6%	487,837	-
Totals							
Revenue	250,692,025	139,177,658	143,174,085	3,996,427	-2.9%	250,692,025	-
Expenses	250,204,188	143,411,402	142,852,230	559,173	-0.4%	250,204,188	-
Net	487,837	(4,233,744)	321,856	4,555,600	-107.6%	487,837	-

Original FSRs (Initially Submitted to MDHHS)

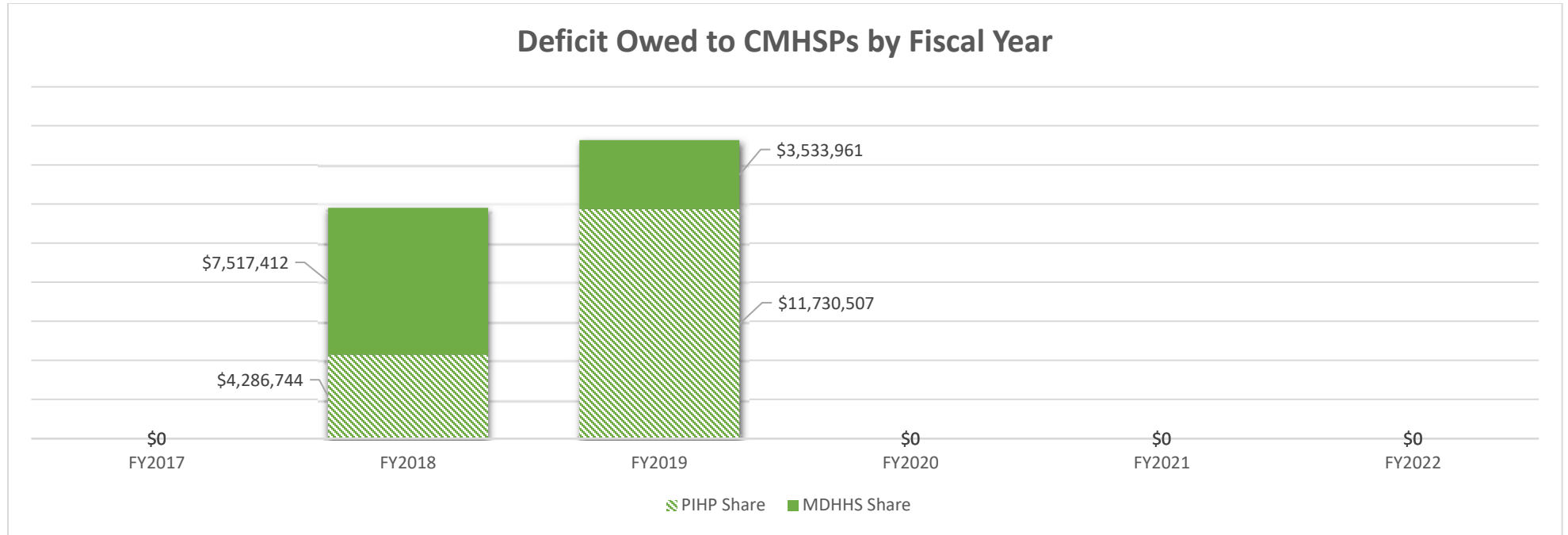


	FY2018	FY2019	FY2020	FY2021	FY2022
ISF Current Year Contribution	(\$7,065,667)	\$0	\$11,054,816	\$18,880,568	\$675,044
ISF Ending Balance	\$0	\$0	\$11,054,816	\$15,026,143	\$15,701,187
Maximum ISF	\$11,352,411	\$12,294,818	\$13,181,674	\$15,026,143	\$15,701,187

Resubmitted FSRs (FY18-20 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



Summarized Deficit Resolution Timeline

- 2/22/2021 FY2018 Settlement Deadline – MDHHS would not settle without plan indicating CMHSPs would repay Medicaid deficit.
- 3/31/2021 CMHPSM Deficit repayment plan agreed to with MDHHS-BHDDA
- 8/3/2021 Informed that CMS approved amendment related to repayment plan
- 11/29/2021 Still awaiting approval from MDHHS legal and audit
- 1/6/2022 Beginning in January 2022 CMHPSM was informed that no information could be provided while a CMS ISF audit was ongoing.
- 12/29/2023 FY2023 Risk Management Template Submitted (Revision requested by MDHHS)
- 2/24/2023 Revised FY2023 Risk Management Template Submitted (No MDHHS notice sent within 60 day window to CMHPSM)
- 3/23/2023 Lakeshore Lawsuit Order (MDHHS did not appeal)
- 6/7/2023 Lakeshore Began Re-paying CMHSP Deficits



Regional Board Action Request – Board Governance Policy Updates

Board Meeting Date: June 14, 2023

Action Requested: Review CMHPSM staff recommended revisions to the Board Governance policies as included in the following attachments:

- {5a} Board Policy Manual (No changes)
- {5b} CMHPSM Bylaws (One Typo)
- {5c} CEO Authority for Positional Control and Compensation (Combined policy and purpose, and new application template)
- {5d} CEO General Scope of Authority (Combined policy and purpose, and new application template)
- {5e} Conflict of Interest (Combined policy and purpose, and new application template)
- {5f} Financial Stability Risk Reserve (Combined policy and purpose, new application template, reporting changes, and consumers/individuals served update)
- {5g} Investing (Combined policy and purpose, and new application template)
- {5h} Procurement (Combined policy and purpose, new application template, micro-purchase threshold, and consumers/individuals served update)

Background: The CMHPSM Board Governance policies and manual are to be reviewed annually every April.

Connection to PIHP/MDHHS Contract, Regional Strategic Plan or Shared Governance Model: The CMHPSM Regional Board of Directors provides oversight of CMHPSM implementation of the PIHP/MDHHS Contract through the CMHPSM Governance Policy Manual and Board Governance policies.

Recommend: Approval



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

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.

Community Mental Health Partnership of Southeast Michigan		<i>Policy:</i> <i>CMHPSM CEO Authority – Employee Position Control and Compensation</i>	
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

Revision Date	Modification
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
4/6/2023	Application change, formatting, purpose/policy combine

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 & Volunteers</u>
<input type="checkbox"/> <u>Regional Partner CMHSP Staff, Board Members, Interns & 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.

Community Mental Health Partnership of Southeast Michigan		<i>Policy: Chief Executive Officer General Scope of Authority</i>	
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

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

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"/> <u>CMHPSM PIHP Staff, Board Members, Interns & Volunteers</u>
<input type="checkbox"/> <u>Regional Partner CMHSP Staff, Board Members, Interns & 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 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.

Community Mental Health Partnership of Southeast Michigan		Policy: Conflict of Interest	
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.
4/-14/-2021	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 & Volunteers</u>
<input type="checkbox"/> <u>Regional Partner CMHSP Staff, Board Members, Interns & 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)

- 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:

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

Description of Financial Interest:

Disclosure #2

Name and Contact Information for Individual with Financial Interest:

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

Description of Financial Interest:

Disclosure #3

Name and Contact Information for Individual with Financial Interest:

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

Description of Financial Interest:

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)

Community Mental Health Partnership of Southeast Michigan		Policy: Financial Stability & Risk Reserve Management
CMHPSM Board Governance		
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"/> <u>CMHPSM PIHP Staff, Board Members, Interns & Volunteers</u>
<input checked="" type="checkbox"/> <u>Regional Partner CMHSP Staff, Board Members, Interns & 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. 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 cConsumers / 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 cConsumer 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 ~~c~~Consumers / individuals served-enrolled by a CMHSP, increased utilization or changes to the State's requirement on how services are to be provided to ~~Consumers~~consumers / 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

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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

Community Mental Health Partnership of Southeast Michigan		Policy:	
		Investing	
CMHPSM Board Governance			
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, or 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

Community Mental Health Partnership of Southeast Michigan		<i>Policy: Procurement of Goods and Services</i>	
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.

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	Micro Purchase \$103,000.00 and under.	Approver: Chief Executive Officer or Chief Executive Officer Designee Requirement: No formal quotes required.	Approver: Chief Executive Officer Requirement: No formal quotes required.	Approver: All specialty service contracts require CMHPSM Board approval. Requirement: RFP/RFQ/RFI or bid waiver signed by Chief Executive Officer.
	Chief Executive Officer \$103,000.01 - \$25,000.00	Approver: Chief Executive Officer Requirement: 1. Written quotes required or bid waiver signed by Chief Executive Officer. 2. Purchase Order Required	Approver: Chief Executive Officer Requirement: 1. Written quotes required or bid waiver signed by Chief Executive Officer. 2. Purchase Order Required	
	CMHPSM Board \$25,000.01 and over.	Approver: CMHPSM Board Requirement: 1. RFP/RFQ/RFI or bid waiver signed by Chief Executive Officer. 2. Purchase Order Required	Approver: CMHPSM Board Approval Requirement: 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.

(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]

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;

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(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.~~

	5/1/2023- 5/16/2023	6/1/2023- 6/16/2023	7/1/2023- 7/16/2023	8/1/2023- 8/16/2023	9/1/2023- 9/16/2023
Strategic Plan Development Task	5/15/2023	5/31/2023	6/15/2023	6/30/2023	7/15/2023
Strategic Goals Development Plan to Board		X			
CMHPSM Staff Input	X				
Regional CMHSP Input					
Regional Provider Input					
Consumers/Individuals Served Input					
Strategic Plan Goal Areas Finalized by Regional Board					
Strategic Plan Objectives Finalized by Regional Board					
Strategic Plan FY2024 Metrics Finalized (Every 3, 6, or 12 months)					
Final Strategic Plan to Board for Approval					

Regional Board Meetings
6/14/2023
8/9/2023
9/13/2023

Current: Semi-Annual (Every Six Months Reporting)	Strategic Plan Metrics Reporting and Development													
Strategic Plan Task	FY2024 Q1	FY2024 Q2	FY2024 Q3	FY2024 Q4	FY2025 Q1	FY2025 Q2	FY2025 Q3	FY2025 Q4	FY2026 Q1	FY2026 Q2	FY2026 Q3	FY2026 Q4	FY2027 Q1	
Report on FY2024 Q1-2 Metrics														
Develop and Finalize FY2025 Q1-4 Metrics														
Report on FY2024 Q1-4 Metrics														
Report on FY2025 Q1-2 Metrics														
Develop and Finalize FY2026 Q1-4 Metrics														
Report on FY2025 Q1-4 Metrics														
Report on FY2026 Q1-2 Metrics														
Report on FY2026 Q1-4 Metrics														
Development of FY2027-29 Strategic Plan														

Option A: Annual (Every 12 Months Reporting)	Strategic Plan Metrics Reporting and Development													
Strategic Plan Task	FY2024 Q1	FY2024 Q2	FY2024 Q3	FY2024 Q4	FY2025 Q1	FY2025 Q2	FY2025 Q3	FY2025 Q4	FY2026 Q1	FY2026 Q2	FY2026 Q3	FY2026 Q4	FY2027 Q1	
Develop and Finalize FY2025 Q1-4 Metrics														
Report on FY2024 Q1-4 Metrics														
Develop and Finalize FY2026 Q1-4 Metrics														
Report on FY2025 Q1-4 Metrics														
Report on FY2026 Q1-4 Metrics														
Development of FY2027-29 Strategic Plan														

Option B: Quarterly (Every 3 Months Reporting)	Strategic Plan Metrics Reporting and Development													
Strategic Plan Task	FY2024 Q1	FY2024 Q2	FY2024 Q3	FY2024 Q4	FY2025 Q1	FY2025 Q2	FY2025 Q3	FY2025 Q4	FY2026 Q1	FY2026 Q2	FY2026 Q3	FY2026 Q4	FY2027 Q1	
Report on FY2024 Q1 Metrics														
Report on FY2024 Q2 Metrics														
Report on FY2024 Q3 Metrics														
Develop and Finalize FY2025 Q1-4 Metrics														
Report on FY2024 Q1-4 Metrics														
Report on FY2025 Q1 Metrics														
Report on FY2025 Q2 Metrics														
Report on FY2025 Q3 Metrics														
Develop and Finalize FY2026 Q1-4 Metrics														
Report on FY2025 Q1-4 Metrics														
Report on FY2026 Q1 Metrics														
Report on FY2026 Q2 Metrics														
Report on FY2026 Q3 Metrics														
Development of FY2027-29 Strategic Plan														
Report on FY2026 Q1-4 Metrics														



Regional Board Action Request – Contracts

Board Meeting Date: June 14, 2023

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

Organization - Background	Term	Funding Level	Funding Source	Agreement Type
Washtenaw Intermediate School District (WISD) – funding for the WISD to implement Youth Outreach related to substance use services for teachers, parents and community across the school district.	6/1/2023 - 9/30/2023	\$25,000	Grant Funded	New FY2023 Contract
Mexiquenses Unidos en Michigan – funding for the Mexiquenses Unidos en Michigan to work with Latina/o/x communities in Washtenaw County to increase access to substance use services.	6/1/2023 - 9/30/2023	\$25,000	Grant Funded	New FY2023 Contract

Organization - Background	Term	Funding Level	Funding Source
TM Group – the CMHPSM has reached a point where we need to upgrade our Microsoft financial software product. Microsoft has set an end-of-life period for our existing software, the requirements of the Standard Cost Allocation reports require a restructure of our general ledgers by 10/1/2023, the upgrade cost from our current GP Dynamics license to the Microsoft Business central cloud platform are minimal, and our joint support agreement will allow each of the four CMHSPs to transition to this product as separate companies under the PIHP’s license. The TM Group will be our licensed Microsoft support partner and consult on system setup including integrations between our electronic medical record: CRCT and our financial platform. Currently Lenawee and Washtenaw operate under our license at no cost, we will be able to offer Monroe and Livingston that same opportunity and improve the connection between CRCT and finance software in those counties.	6/1/2023 - 9/30/2023	Not to exceed \$60,000	Administrative License Agreement and Support Vendor

Recommend: Approval

Regional Board Officers List

*Regional Board officer elections take place in October

FY 2023		
Chair	B. King	Washtenaw
Vice-Chair	J. Ackley	Lenawee
Secretary	S. Libstorff	Monroe
FY 2022		
Chair	S. Slaton	Livingston
Vice-Chair	J. Ackley	Lenawee
Secretary	S. Libstorff	Monroe
FY 2021		
Chair	S. Slaton	Livingston
Vice-Chair	C. Richardson	Washtenaw
Secretary	J. Ackley	Lenawee
FY 2020		
Chair	S. Slaton	Livingston
Vice-Chair	C. Richardson	Washtenaw
Secretary	J. Ackley	Lenawee
FY 2019		
Chair	C. Londo	Monroe
Vice-Chair	S. Slaton	Livingston
Secretary	J. Ackley	Lenawee
FY 2018		
Chair	R. Tillotson	Lenawee
Vice-Chair	C. Londo	Monroe
Secretary	R. Garber	Livingston
FY 2017		
Chair	R. Tillotson	Lenawee
Vice-Chair	C. Londo	Monroe
Secretary	B. Cox	Livingston
FY 2016		
Chair	G. Lane	Monroe
Vice-Chair	L. Berry-Bobovski	Livingston
Secretary	B. Wilson	Lenawee
FY 2015		
Chair	G. Lane	Monroe
Vice-Chair	P. Ball	Washtenaw
Secretary	L. Berry Bobovski	Livingston
FY 2014		
Chair	G. Lane	Monroe

The officers of this Board shall be Chairperson, Vice-Chairperson, and Secretary.

- 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.

Regional Board Officers List

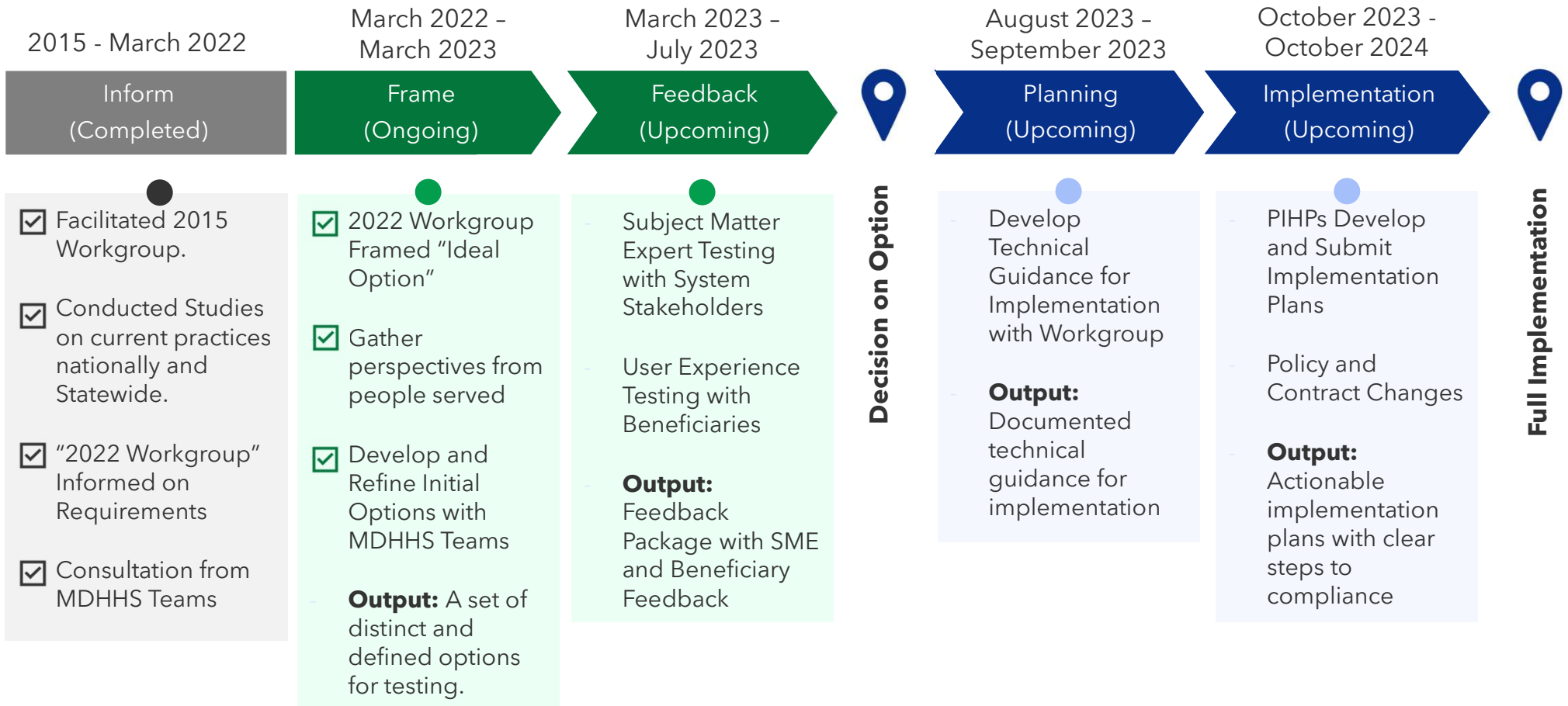
*Regional Board officer elections take place in October

Vice-Chair	J. Plas	Livingston
Secretary	B. Wilson	Lenawee

The officers of this Board shall be Chairperson, Vice-Chairperson, and Secretary.

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CFA&P Project Timeline

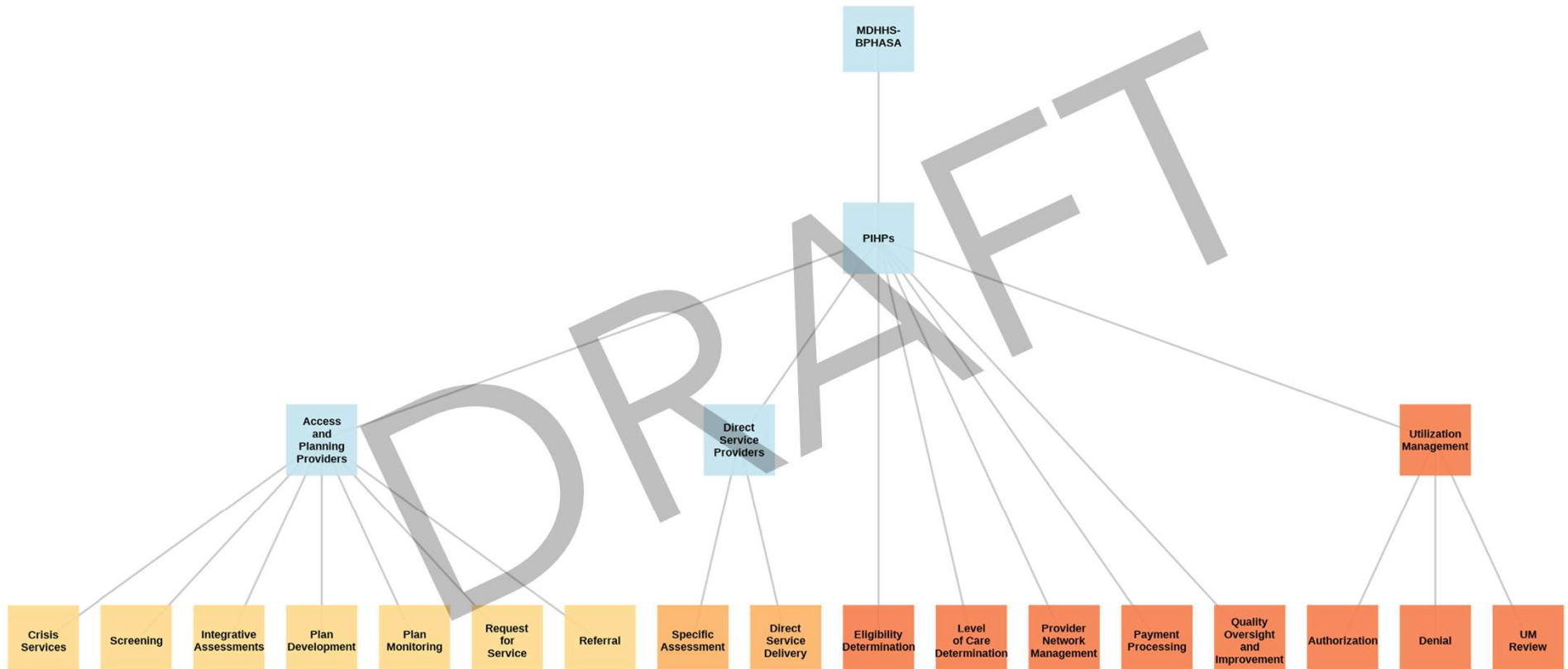


Option 1

Please capture your notes on each Option. Your insights will be gathered during User Testing process in upcoming meetings.

Option 1

Node Type: Entity Function: Access and Planning Providers Function: Direct Service Providers Function: PIHPs



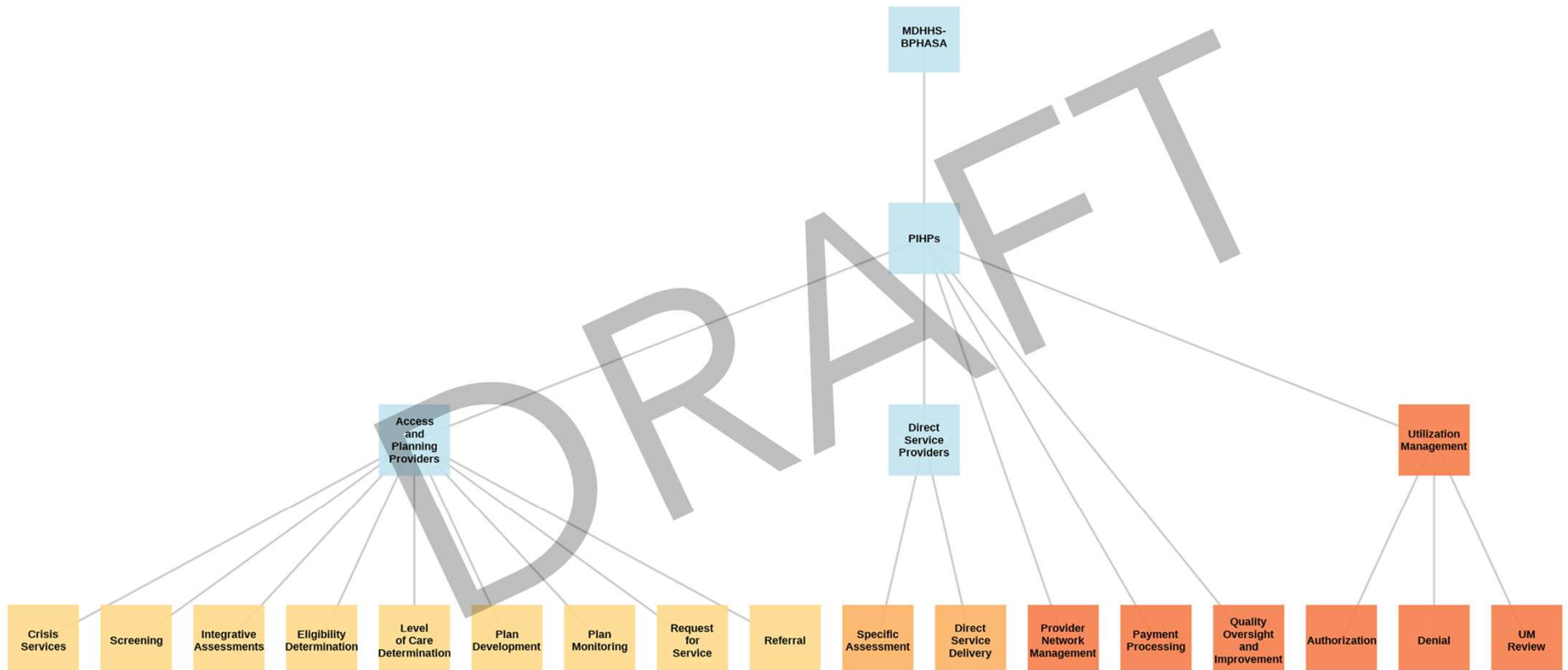
Options are still in draft form and likely require additional consideration. MDHHS has not yet selected an Option.

Option 2

Please capture your notes on each Option. Your insights will be gathered during User Testing process in upcoming meetings.

Option 2

Node Type: ■ Entity ■ Function: Access and Planning Providers ■ Function: Direct Service Providers ■ Function: PIHPs



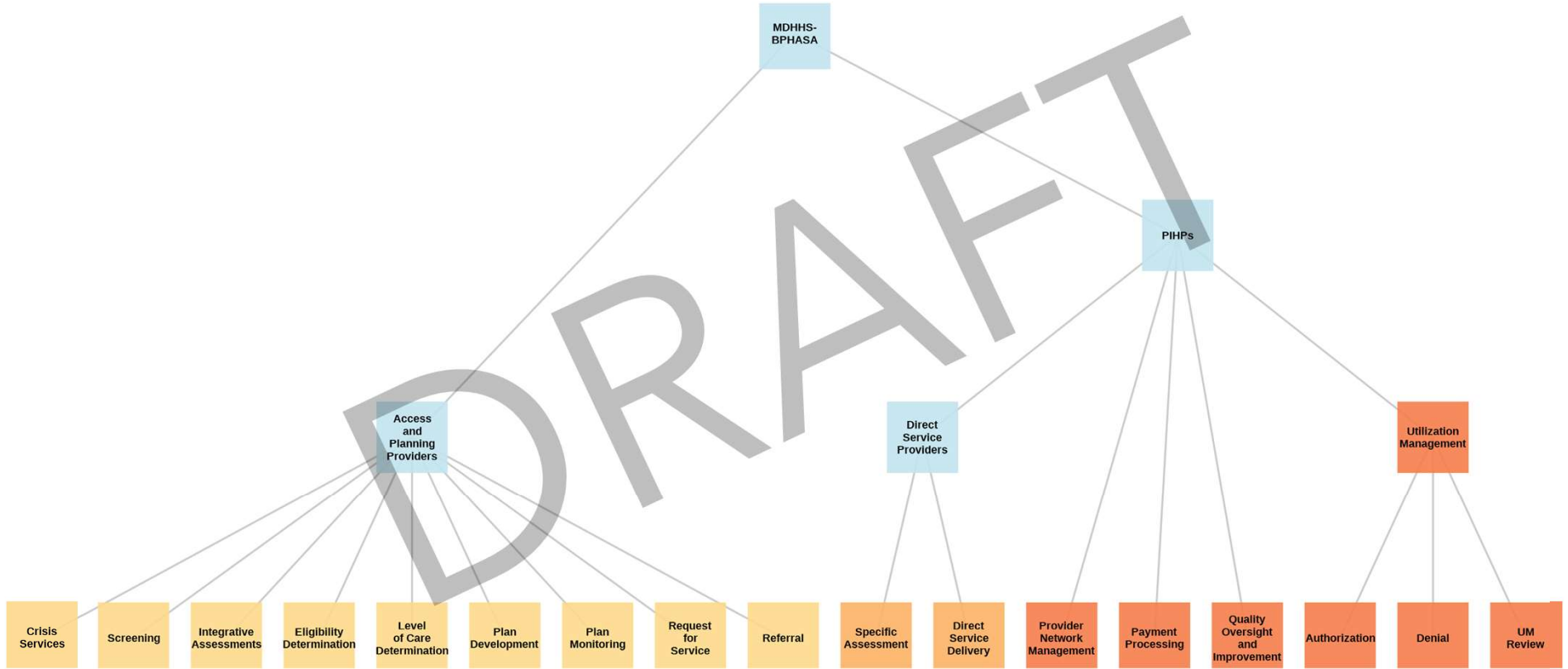
Options are still in draft form and likely require additional consideration. MDHHS has not yet selected an Option.

Option 3

Please capture your notes on each Option. Your insights will be gathered during User Testing process in upcoming meetings.

Option 3

Node Type: ■ Entity ■ Function: Access and Planning Providers ■ Function: Direct Service Providers ■ Function: PIHPs



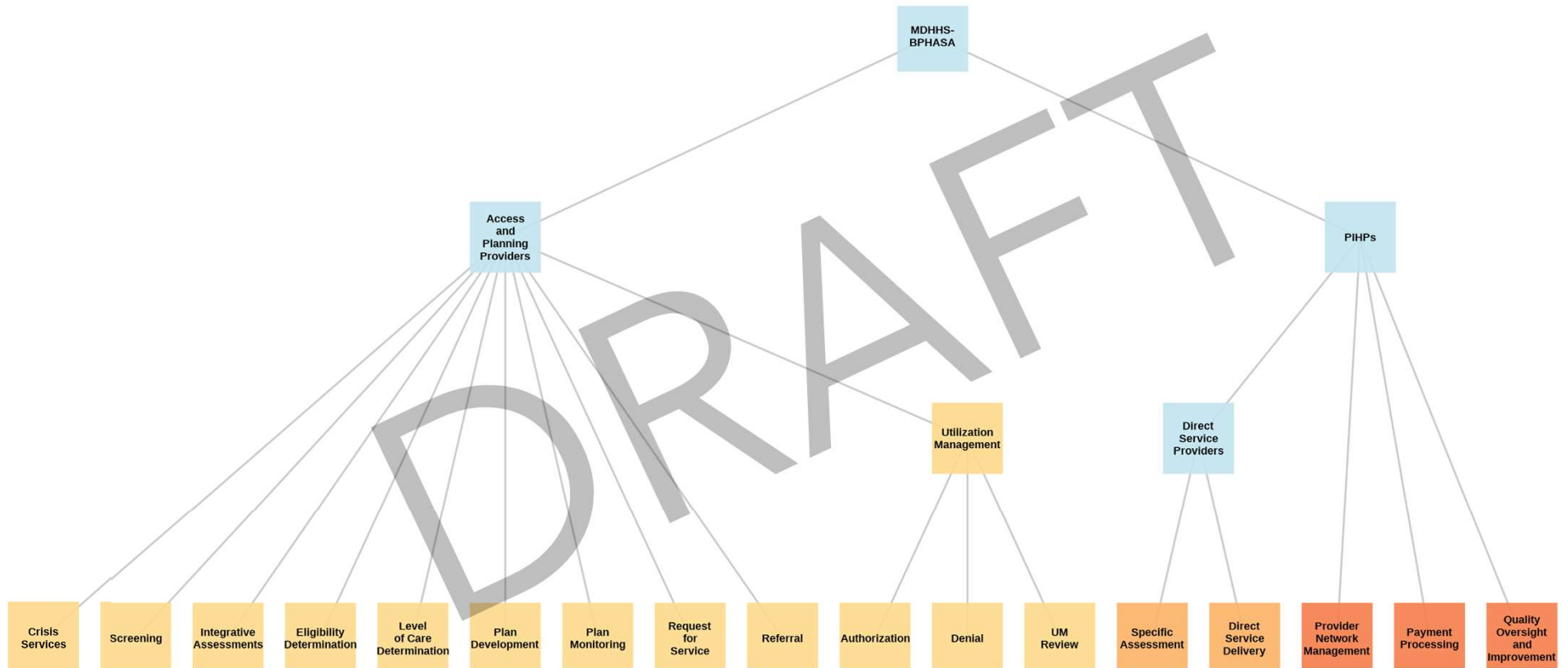
Options are still in draft form and likely require additional consideration. MDHHS has not yet selected an Option.

Option 4

Please capture your notes on each Option. Your insights will be gathered during User Testing process in upcoming meetings.

Option 4

Node Type: Entity Function: Access and Planning Providers Function: Direct Service Providers Function: PIHPs

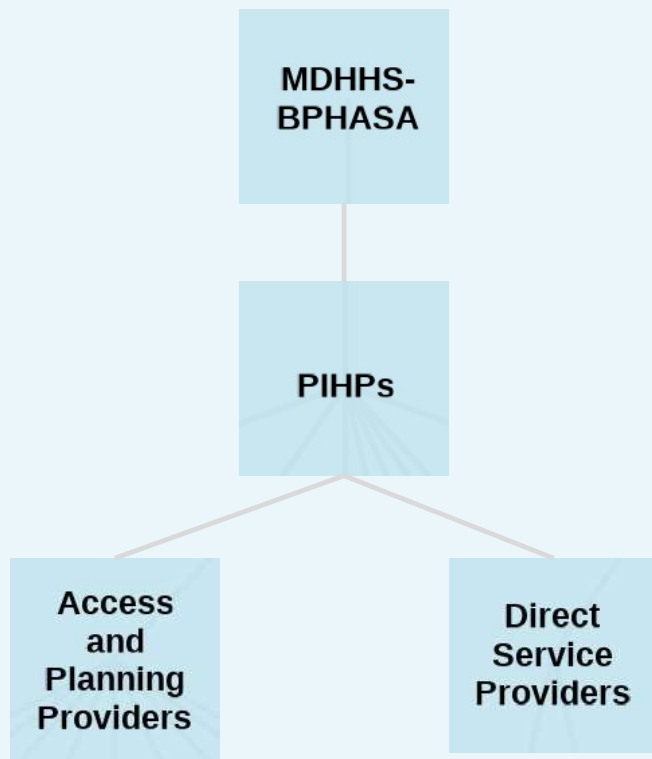


Options are still in draft form and likely require additional consideration. MDHHS has not yet selected an Option.

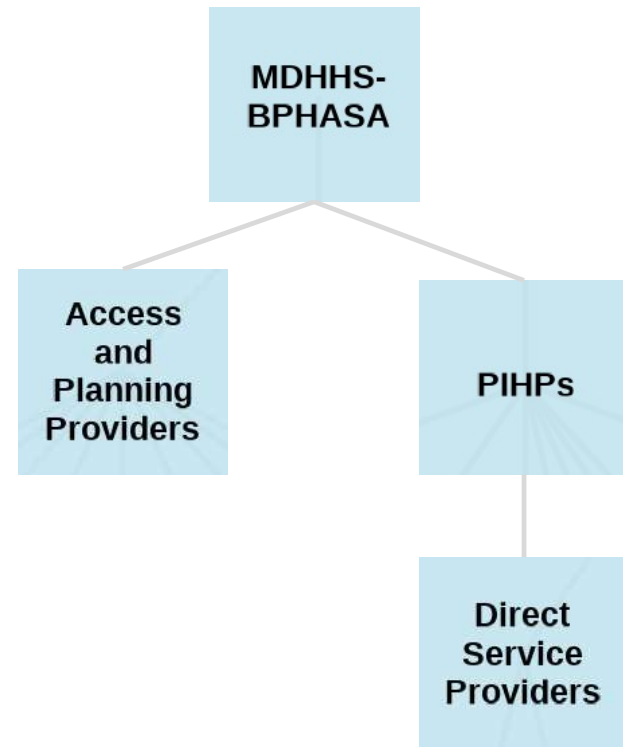
Draft Options Summary

Below is a structural summary of each draft Option with the functional details removed. MDHHS has not yet selected an Option.

Options 1 and 2



Options 3 and 4



Next Steps and Questions

- User Testing will...
 - Begin as early as April CFA&P meeting.
 - Use Scenarios to test Options.
 - Be facilitated using breakout groups. Each breakout group will test one Option.



**CMHPSM REGION SIX
CMHSP PARTNERS**

Lenawee Community
Mental Health Authority

Livingston County
Community Mental
Health Authority

Monroe County
Community Mental
Health Authority

Washtenaw County
Community Mental
Health

**CMHPSM BOARD OF
DIRECTORS**

Judy Ackley
Patrick Bridge
Rebecca Curley
LaMar Frederick
Roxanne Garber
Bob King
Rebecca Pasko
Alfreda Rooks
Mary Serio
Annie Somerville
Holly Terrill
Ralph Tillotson
Molly Welch-Marahar

CMHPSM CEO

James Colaianne

**CMHPSM REGIONAL BOARD OF DIRECTORS RESOLUTION OPPOSING THE PROPOSED
DRAFT POLICY MODELS RELATED TO CONFLICT FREE ACCESS AND PLANNING IN THE
PUBLIC BEHAVIORAL HEALTH SYSTEM**

WHEREAS the Community Mental Health Partnership of Southeast Michigan (CMHPSM) is a regional entity created in 2014 by four (4) community mental health service programs (CMHSPs) Lenawee Community Mental Health Authority, Livingston County Community Mental Health Authority, Monroe County Community Mental Health Authority and Washtenaw County Community Mental Health to serve as the Pre-Paid Inpatient Health Plan (PIHP) for these four counties. The CMHPSM is engaged in a Medicaid specialty services contract with the Michigan Department of Health and Human Services (MDHHS) to provide services within our designated four-county region, which has been designated by MDHHS as Region Six (6).

WHEREAS the CMHPSM Regional Board of Directors includes three (3) members appointed by each of the four-community mental health service programs within our region, and one (1) member appointed by our Regional Substance Use Disorder Oversight Policy Board. At minimum, 50% of our Regional Board members are individuals with primary and/or secondary experience with public behavioral health services.

WHEREAS the four draft policy options related to conflict-free access and planning currently proposed by MDHHS:

- Imparts an additional unneeded layer of bureaucracy between consumers/individuals served and service delivery.
- Exacerbates the behavioral health staffing crisis that exists within the CMHSPs and regional service provider network.
- Duplicates unneeded controls on entities that operate as governmental entities that are unable to retain surplus funds at the CMHSP level.
- Creates unnecessary and inefficient structural changes, including the potential to increase navigational barriers for persons served, when structures already exist that meet conflict free access and planning in the public behavioral health system.
- Interferes with the CCBHC service delivery model which expands the service array and population eligible to receive behavioral health services.

WHEREAS the four (4) CMHSPs, and the CMHPSM, are governmental entities operating without profit motives in delivering medically necessary behavioral health services to qualified individuals within Region Six, directly or through contracts with external service provider entities.

WHEREAS one of our regional CMHSPs, Washtenaw County Community Mental Health is a Certified Community Behavioral Health Clinic (CCBHC) demonstration member. Additionally, two of our regional CMHSPs are working towards potentially delivering CCBHC services in state fiscal year 2024, which begins on October 1, 2023.

THEREFORE, BE IT RESOLVED that for the reasons expressed herein, the Community Mental Health Regional Board of Directors {unanimously if vote allows} opposes the four options currently proposed by MDHHS related to Conflict-Free Access and Planning. The CMHPSM Regional Board suggests further dialogue from MDHHS with the PIHP/CMHSP system in identifying controls, procedures, and/or separations of duties that currently exist, or that could be potentially expanded upon without a wholesale upheaval of the public behavioral health system. The public behavioral health system in Michigan, is already conflict-free related to financial self-referral, as surplus funds are restricted to future service expenditures or subject to return to MDHHS within shared risk corridor requirements.

Bob King, CMHPSM Board Chairperson, Washtenaw County Community Mental Health

Judy Ackley, CMHPSM Vice-Chairperson, Lenawee Community Mental Health Authority

Patrick Bridge, Livingston County Community Mental Health Authority

Rebecca Curley, Monroe County Community Mental Health Authority

LaMar Frederick, Monroe County Community Mental Health Authority

Roxanne Garber, Livingston County Community Mental Health Authority

Rebecca Pasko, Monroe County Community Mental Health Authority

Alfreda Rooks, Washtenaw County Community Mental Health

Mary Serio, Washtenaw County Community Mental Health

Annie Somerville, Washtenaw County Community Mental Health

Holly Terrill, Lenawee Community Mental Health Authority

Ralph Tillotson, Lenawee Community Mental Health Authority

Molly Welch-Marahar, CMHPSM Oversight Policy Board

Oversight Policy Board Minutes

April 27, 2023

Patrick Barrie Conference Room
3005 Boardwalk Drive, Suite 200
Ann Arbor, MI 48108

Members Present: Mark Cochran, Kim Comerzan, Amy Fullerton, Annette Gontarski, Susan Longworth, Molly Welch Marahar, Dave O'Dell, David Stimpson, Monique Uzelac, Tom Waldecker

Members Absent: Ricky Jefferson, Dave Oblak, Ralph Tillotson

Guests: Amanda Harris and Beth Ann Hamilton (Washtenaw County Health Dept.)

Staff Present: Stephannie Weary, James Colaianne, Nicole Adelman, Matt Berg, CJ Witherow, Danielle Brunk, Joelen Kersten, Jackie Bradley (Lenawee), Michelle Lyons, Alyssa Tumolo, Jane Goerge, Rebecca DuBois, Stacy Pijanowski, Heather Schubbe, James Luckey

Board Chair M. Cochran called the meeting to order at 9:31 a.m.

1. Introductions
2. Approval of the Agenda
Motion by K. Comerzan, supported by M. Welch Marahar, to approve the agenda
Motion carried
3. Approval of the December 1, 2022 Oversight Policy Board minutes
Motion by D. O'Dell, supported by A. Fullerton, to approve the December 1, 2022 OPB minutes
Motion carried
4. Audience Participation
 - None
5. Old Business
 - Finance Report
 - M. Berg presented.
 - FY23 Funding Update
 - Contracts were approved at the Regional Board for the following:
 - A new project called MI PAC (Michigan Partnership to Advance Coalitions) that will focus on building coalitions regarding the use of tobacco, marijuana and vaping. Each county's coalition is participating.
 - 1 new Opioid Health Home- AACTC in Washtenaw County
 - Expanded Lenawee County engagement center, funding through SOR.
 - FY24 Funding Update –
 - The plan is to not have an RFP process; instead to have a non-scored continuation RFI with flat funding if possible.
 - The region received the FY24 allocations. There was an increase in Block Grant Prevention; WSS was reduced; Block Grant Treatment and SOR are flat-funded.

- COVID Block Grant will end March 14, 2024. Additional ARPA funds to continue through the end of FY24 are available, which N. Adelman requested. An unofficial approval has been provided. An official approval via email is expected next week.
- Nationally, COVID Block Grant, ARPA, SOR are all underspent.

6. New Business

a. Washtenaw County Health Dept It Is Possible Campaign Presentation

- Presented by Amanda Harris and Beth Ann Hamilton (Washtenaw County Health Department).
- The region-wide recovery campaign is being funded by the COVID Block Grant.
- Amanda and Beth Ann are meeting with each county's SUD coalition and/or Recovery Community Organization for input.
- Messages of the campaign include hope, and that recovery is possible.
- The campaign will provide new printed materials, bus ads, billboards, and social media ads. The campaign will also coordinate with the region's CMHs and public health departments distribute materials.
- S. Longworth noted that often in her community people who need this information don't know where to go or don't visit places where they would encounter the campaign materials. OPB discussed possibly partnering with other entities for more exposure, including grocery stores, Target, gas stations, truck stops, courts, schools, and Michigan Works.
- Beth Ann Hamilton's contact information: hamiltone@washtenaw.org.

b. Board Action Request- Policy Updates

1. Fetal Alcohol Syndrome
2. Substance Use Services Media Campaign
3. SUD Residential Treatment Services
4. Naloxone

Motion by M. Welch Marahar, supported by M. Uzelac, to Review and approve FY23 Substance Use Services Policy Updates for SUD Residential Treatment, Naloxone, Fetal Alcohol Syndrome Disorder (FASD) and Substance Use Services Media Campaigns

Motion carried

c. Health Disparities to Health Equity Initiative

- For FY24, the goal is for every contracted provider to have a SMART goal to address health disparities. NYAA Health will be invited to the June meeting to discuss this initiative within the region, as well as its ties to strategic planning.

d. Gambling Disorder Needs Assessment Update

- R. DuBois and A. Tumolo provided a summary of the 2022 risk assessment.
- Links to the website and full assessment will be emailed following the meeting.

e. Opioid Settlement Funds

- The first round of settlement funds has started to be distributed. No updates yet on how it's being spent yet.
- The second-round of settlement funds sign-up was released, deadline has been extended to 5/2. All but one of the municipalities within the region have signed up.

f. PHE/Medicaid Changes

- J. Colaianne provided an update.

- Medicaid re-enrollment starts in June.
 - The Public Health Emergency ends May 11, 2023.
 - Impact related to revenue: staff is monitoring for any sort of decrease in the pool of eligibles. There's an expectation that there will be a decrease in the number of eligibles, which will impact funding. The total population of eligibles may decrease, but the total number receiving services isn't expected to change.
 - Communication will be sent out to providers across the region encouraging them to support consumers in ensuring Medicaid has correct information for eligibility.
- g. MDHHS PIHP SUD Site Review
- N. Adelman shared the site visit letter from the state. The outcome was very good, with only 1 item receiving a partial compliance: a brochure was missing a funding statement.
7. Report from Regional Board
- The Regional Board discussed revenue projections moving forward.
 - The annual CEO review was also discussed. The review format will be changed for next year to include new SMART goals.
 - The CEO provided an update on a finance mistake made by the Finance Team. The team did not follow the process and updated a provider's banking information based on a request from a hacked email account. \$53,000+ was sent to the bad actor in 3 payments. Ann Arbor Police, FBI, and JP Morgan Chase Bank have all been working to help recoup the funds. Insurance will cover the loss, but there is a \$25,000 deductible.
8. SUD Director Updates
- a. CEO Update
- J. Colianne provided an update on the SIS program. The state unceremoniously ended the program with 3 weeks' notice. The PIHP transitioned 2 of the 4 positions to permanent project assistant positions, a 3rd position transitioned to a temporary project assistant position through to 9/30/30, and ended the Quality Lead SIS position, which was vacant.
 - Lakeshore won its lawsuit against the state.
- b. Staffing
- The SUD Care Navigator position is still open.
- c. Strategic Planning FY23 and FY24
- Most of June's meeting agenda will be devoted to strategic planning.
9. Adjournment
- Motion by K. Comerzan, supported by S. Longsworth, to adjourn the meeting**
Motion carried
- Meeting adjourned at 11:06 a.m.

***Next meeting: Thursday, June 22, 2023**
Location 3005 Boardwalk, Suite 200; Patrick Barrie Room



CEO Report

Community Mental Health Partnership of Southeast Michigan

Submitted to the CMHPSM Board of Directors
June 6, 2023 for the June 14, 2023 Meeting

CMHPSM Update

- The CMHPSM held all-staff meetings on April 24, 2023 and May 8, 2023.
- The CMHPSM leadership team continues to meet on a weekly basis on Tuesdays.
- We also held an employee retreat that focused on the three following areas:
 - Mission Vision and Values
 - FY2021-23 Strategic Plan Review
 - FY2024-26 Strategic Plan Input
- We utilized a new web-based software tool for employee input during the retreat which enabled us to do real-time brainstorming, prioritization and other employee submitted information.
- Our first quarterly newsletter was sent out to all CMHPSM e-mail subscribers on June 1. CMHPSM staff submitted information from each of our departments on PHE end changes, grant programming, operations and electronic health record updates. Alyssa Tumolo put together a brand-new newsletter template and we expect this platform to be useful in communicating information to all of our stakeholders. She did a great job! We were previously utilizing the email platform for individual e-mail campaigns on specific topics to providers, and now will add this more general newsletter template. To view our first CMHPSM newsletter issue and/or to sign up to receive any of our email campaigns visit this web-page: <https://www.cmhpsm.org/newsletters>
- In addition to new pages that were added, we transitioned the CMHPSM website to a format that we believe to be more user-friendly, more mobile-device friendly, and more consistent formatting across the entire site. Changes include a new menu system that directs website visitors to pages in a more logical manner based upon the visitor's role: individual seeking services, service provider, or those seeking information on the CMHPSM or our regional policies.
Take a look around our revamped website here: <https://www.cmhpsm.org/>

COVID-19 Update

- We have recently distributed 1,600 COVID-19 test kits that were obtained from MDHHS to SUD treatment providers. We also distributed masks, hand sanitizer, cleaning spray, gloves, and thermometers to SUD treatment providers. We have roughly 900 COVID tests in reserve for any provider requests.

- The federal public health emergency ended on May 11, 2023. Our region worked on implementing the various rule changes that expired related to telehealth allowability (audio/video or audio only). A regional workgroup led by our CIO Michelle Sucharski worked with PCE Systems to implement changes in our electronic health record. Regional staff identified and worked with MDHHS to update an error in the statewide telehealth guide as soon as it was identified.
- The following webpage was created on our CMHPSM regional website related to the end of the public health emergency: <https://www.cmhpsm.org/phe-end>

CMHPSM Staffing Update

- The CMHPSM currently has one open position that we are continuing to actively recruiting:
 - SUD Care Navigator
- More information and links to job descriptions and application information can be found here: <https://www.cmhpsm.org/interested-in-employment>

Regional Update

- Our regional committees continue to meet using remote meeting technology and expect we will continue to do so until that option is no longer feasible.
- The Regional Operations Committee continues to schedule to meet on a weekly basis.

Statewide Update

- PIHP CEO meetings are being held remotely on a monthly basis. Since our last Regional Board meeting, the PIHP CEOs met on May 2, 2023, our June meeting was cancelled due to the CMHAM summer conference.
- The PIHP CEO / MDHHS operations meetings with MDHHS behavioral health leadership staff was held on May 4, 2023. I provide a summary of those meetings to our regional directors at our Regional Operations Committee meetings each month.
- MDHHS re-enrollment processes began in April and May for individuals with a June re-enrollment date. The process will progress through subsequent re-enrollment months over a 12-to-14 month period to not overwhelm the

MDHHS enrollment systems. The following page has been created on our CMHPSM website to provide information on the Medicaid enrollment restart: <https://www.cmhpsm.org/medicaid-enrollment-restart>

- Positive news for FY2023 rates as our PIHP region will receive a higher percentage of the revenue related to DCW during FY2023. Our May rates were adjusted to reflect this change for the entirety of FY2023 and will continue through September 30, 2023. The area adjustment is related to the lower percentage of licensed residential and higher percentage of unlicensed CLS services in the Southeast metro area of Michigan when compared to the rest of the State.

Future Update

- We are planning to cover the following items at our August 2023 meeting:
 - FY2024-FY2026 Strategic Plan Input
 - Preliminary look at FY2024 CMHPSM Budget
 - Update on FY2018 Deficit Resolution

Respectfully Submitted,



James Colaianne, MPA