

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

Patrick Barrie Room

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

Wednesday, April 10, 2024, 6:00 PM

To join by telephone:

1-616-272-5542

Meeting ID: 921 554 805#

To join by computer:

[Click here to join the meeting](#)

Meeting ID: 215 700 449 069, Passcode: U8jauV

Agenda

	<u>Guide</u>
I. Call to Order	1 min
II. Roll Call	2 min
III. Consideration to Adopt the Agenda as Presented	2 min
IV. Consideration to Approve the Minutes of the 2-14-2024 Meeting and Waive the Reading Thereof {Att. #1}	2 min
V. Audience Participation (3 minutes per participant)	
VI. Guest Presentation	15 min
a. FY2023 Financial Audit Presentation – Roslund, Prestage & Co. {Att. #2}	
VII. Old Business	15 min
a. Board Information: Finance Report through February 29, 2024 {Att. #3}	
b. Board Information: CEO Performance Review	
VIII. New Business	40 min
a. Board Action: FY2018-19 Deficit Resolution {Att. #4}	
b. Board Action: Proposed FY2024 Budget Revision {Att. #5}	
c. Board Action: Annual Bylaws and Board Governance Review {Att. #6}	
Recommend Renewal	
i. Board Governance Manual {Att. #6a}	
ii. CMHPSM Organizational Bylaws {Att. #6b}	
iii. CMHPSM CEO Authority – Employee Position Control and Compensation {Att. #6c}	
iv. CMHPSM CEO General Scope of Authority {Att. #6d}	
v. Conflict of Interest Policy {Att. #6e}	
vi. Investing {Att. #6f}	
vii. Procurement {Att. #6g}	
Recommend Potential Updates / Further Review in June 2024	
viii. Financial Stability & Risk Reserve Management {Att. #6h}	
ix. (Internal Procedure to Governance Policy) Business Expense Reimbursement	
IX. Reports to the CMHPSM Board	15 min

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.

- a. Board Information: FY2024-26 Strategic Plan Report #1 {Att. #7}
- b. Board Information: SUD Oversight Policy Board {Att. #8}
- c. Board Information: CEO Report to the Board {Att. #9}

X. Adjournment

CMHPSM Mission Statement

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**COMMUNITY MENTAL HEALTH PARTNERSHIP OF SOUTHEAST MICHIGAN
REGULAR BOARD MEETING MINUTES
February 14, 2023**

Members Present for In-Person Quorum: Judy Ackley, Rebecca Curley, LaMar Frederick, Bob King, Molly Welch Marahar, Rebecca Pasko, Mary Serio, Holly Terrill,

Members Not Present For In-Person Quorum: Patrick Bridge, Mary Pizzimenti, Alfreda Rooks, Annie Somerville, Ralph Tillotson

Staff Present: Kathryn Szewczuk, Stephannie Weary, James Colaianne, Matt Berg, Nicole Adelman, Connie Conklin, Stacy Pijanowski, CJ Witherow, Lisa Graham, Mike Harding

Guests Present:

- I. Call to Order
Meeting called to order at 6:02 p.m. by Board Chair Bob King.
- II. Roll Call
 - Quorum confirmed.
- III. Consideration to Adopt the Agenda as Presented
Motion by J. Ackley, supported by M. Welch Marahar, to approve the agenda
Motion carried
- IV. Consideration to Approve the Minutes of the 12-13-2023 Meeting and Waive the Reading Thereof
Motion by M. Welch Marahar, supported by J. Ackley, to approve the minutes of the 12-13-2023 meeting and waive the reading thereof
Motion carried
- V. Audience Participation
None
- VI. Old Business
 - a. Board Information: Finance Report through December 31, 2023
 - M. Berg presented. Discussion followed.
 - M. Berg presented eligibles projected for the rest of FY2024.
- VII. New Business
 - a. Contracts
Motion by M. Welch Marahar, supported by H. Terrill, to authorize the CEO to execute the contracts/amendments as presented
Motion carried
 - b. FY2023 Quality Assessment and Performance Improvement (QAPIP) Evaluation

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.

Motion by M. Welch Marahar, supported by H. Terrill, to approve the annual summary and evaluation of the Quality Assessment and Performance Improvement Program (QAPIP) for FY2023
Motion carried

- C. Witherow presented.
 - For future reports, the Board requested a summary of the goal areas that weren't met and that were partially met.
 - The Board also requested a higher level executive summary for future reports.
- c. CEO Performance Review Committee for April 2024 Review
- The performance review tool is ready for board review.
 - Last year's CEO Performance Review Committee will serve in the role again: M. Serio, M. Welch Marahar and R. Tillotson. If R. Tillotson does not join the committee this year, R. Pasko will take his place.
 - J. Colaianne will provide review materials for the board's consideration in April. The formal review will take place at the June Regional Board meeting.

VIII. Reports to the CMHPSM Board

- a. Board Information: SUD Oversight Policy Board
- At the December meeting, the OPB elected officers for FY2024 and received an overview on FY2023 programming.
- 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.

IX. Adjournment

Motion by M/ Welch Marahar, supported by H. Terrill, to adjourn the meeting
Motion carried

- The meeting was adjourned at 6:55 p.m.

Rebecca Pasko, CMHPSM Board Secretary

CMHPSM Mission Statement

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

**Community Mental Health Partnership
of Southeast Michigan**

Financial Statements
September 30, 2023



Independent Auditor’s Report

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Basic Financial Statements

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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 PIHP), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the PIHP'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 PIHP, as of September 30, 2023, 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 PIHP 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.

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 PIHP'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 PIHP'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 PIHP'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 March 27, 2024, on our consideration of the PIHP'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 PIHP'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 PIHP's internal control over financial reporting and compliance.

Sincerely,



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

March 27, 2024

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**



Community Mental Health Partnership of Southeast Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
FY 2023

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 coverage of mental health, developmental disability and substance use disorder treatment services for those eligible within the:

1. Medicaid State Plan
2. 1915(c) Waiver: Children's Waiver Programs, Habilitation Supports Waiver, Serious Emotional Disturbance Waiver
3. 1915(i) Waiver
4. 1115 Behavioral Health Demonstration Waiver
5. 1115 Healthy Michigan Plan
6. Substance Use Disorder Service Funding (Medicaid, HMP, Block Grant, PA2)
7. 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 2023

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 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 CMHSPs should expenses increase unexpectedly, 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 2023

	FY 2023	FY 2022
Assets		
Cash and Cash Equivalents	36,722,307	32,763,522
Due from Other Funds	16,508,750	
Receivables	52,376,158	41,703,396
Prepaid Expenses	53,680	100,031
Capital Assets	253,416	311,000
Total Assets	105,914,311	74,877,949
Liabilities		
Accounts Payable and Accrued Liab	57,130,807	34,964,622
Unearned Revenue	13,404,792	21,879,747
Compensated Balances	10,967	60,245
Lease Liability	196,519	318,910
Total Liabilities	70,743,085	57,223,524
Net Position		
Net Investment in Capital Assets	56,897	(7,910)
Restricted for Risk Management	17,349,532	15,701,187
Unrestricted	17,764,797	1,961,148
Total Net Position	35,171,226	17,654,425

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 Treatment 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 2023

	FY 2023
Revenues	
Medicaid Capitation	185,999,103
Healthy Michigan Plan	27,324,767
Autism	15,871,863
Behavioral Health Home	772,738
Incentives	308,529
CCBHC	9,706,435
Opioid Health Homes	742,285
Substance Use	15,238,368
PA2	1,431,123
State and Federal Grants	9,711,234
Affiliation Charges	92,691
Local Match Drawdown	621,860
Investment Income	588,497
Total Revenues	268,409,493
Expenditures	
Funding for Lenawee CMHSP	23,144,141
Funding for Livingston CMHSP	41,486,074
Funding for Monroe CMHSP	46,996,097
Funding for Washtenaw CMHSP	106,027,565
SUD Expenditures	24,070,380
Hospital Rate Adjuster Payments	5,667,200
IPATax	2,099,550
Local Match Drawdown	621,860
Administrative Expense	2,428,140
Total Expenditures	252,541,007
Surplus/(Deficit)	15,868,486

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

Community Mental Health Partnership of Southeast Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
FY 2023

the expenses of delivering a wide variety of behavioral health services within the CMHPSM region can be difficult. The CMHPSM region is a long-established partnership that has consistently managed its expenditures within the revenue allocated outside of the period comprised of FY2017-FY2019. While the deficit spending of FY2017, FY2018 and FY2019 continues to impact the financial position of the CMHPSM, the strong financial showing from FY2020 through FY2023 and deficit resolution discussions with MDHHS reflect positively on our financial future.

Revenue

The CMHPSM revenue budget for each fiscal year is developed several months prior to Michigan Department of Health and Human Services (MDHHS) finalization 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. FY2023 experienced a continued elevation of individuals eligible for Healthy Michigan or TANF coverage through May 2023. With the end of continuous enrollment at the expiration of the COVID-19 public health emergency, the eligible individual population began decreasing in the last quarter of FY2023. This trend will continue through the first two quarters of FY2024 until it is projected that eligible individuals will level off near pre-pandemic levels.

Expenses

The CMHPSM region has experienced a decrease in our service expenditure levels regionally during FY2020 and FY2021 due to the COVID-19 pandemic. That trend concluded and we have experienced an upward trend in service levels and increased reimbursement rates in both FY2022 and FY2023. The CMHPSM continues to monitor expenses within our region, specifically related to inflationary and staffing level pressures within our regional contracted provider network.

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 financial projections for the future difficult.

Community Mental Health Partnership of Southeast Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
FY 2023

The financial status of the CMHPSM in FY2023 is positive and includes a fully funded ISF and some carryforward funds for FY2024. Current and future financial status projections are more closely aligned with our region's positive fiscal history, rather than the outlier period of FY2017 through FY2019. In October 2023, MDHHS indicated that a deficit repayment plan could be effectuated utilizing FY2022 Internal Service Funds to repay the outstanding deficits from FY2018 and FY2019. MDHHS the CMHPSM would be able to eliminate the deficit in the ISF, With full implementation of the deficit repayment and MDHHS repayment of the shared risk corridor during FY2024 it is expected that the CMHPSM would repay the CMHSPs for both the PIHP and MDHHS share of the risk corridor deficit and be able to move forward with a more positive, stable 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, 2023

	Mental Health Operating	Medicaid Risk Reserve	Total Proprietary Funds
Current assets			
Cash and cash equivalents	\$ 35,881,525	\$ 840,782	\$ 36,722,307
Accounts receivable	40	-	40
Due from other funds	-	16,508,750	16,508,750
Due from other agencies	436,299	-	436,299
Due from affiliate partners	33,841,098	-	33,841,098
Due from MDHHS	18,098,721	-	18,098,721
Prepaid expenses	53,680	-	53,680
Total current assets	<u>88,311,363</u>	<u>17,349,532</u>	<u>105,660,895</u>
Noncurrent assets			
Capital assets being depreciated, net	253,416	-	253,416
Total noncurrent assets	<u>253,416</u>	<u>-</u>	<u>253,416</u>
Total assets	<u>88,564,779</u>	<u>17,349,532</u>	<u>105,914,311</u>
Current liabilities			
Accounts payable	1,653,628	-	1,653,628
Accrued payroll and benefits	97,270	-	97,270
Due to other funds	16,508,750	-	16,508,750
Due to other agencies	1,465,772	-	1,465,772
Due to affiliate partners	31,109,178	-	31,109,178
Due to MDHHS	6,234,061	-	6,234,061
Unearned revenue	13,404,792	-	13,404,792
Compensated absences, due within one year	10,967	-	10,967
Direct borrowing, due within one year	129,521	-	129,521
Total current liabilities	<u>70,613,939</u>	<u>-</u>	<u>70,613,939</u>
Noncurrent liabilities			
Compensated absences, due beyond one year	62,148	-	62,148
Direct borrowing, due beyond one year	66,998	-	66,998
Total noncurrent liability	<u>129,146</u>	<u>-</u>	<u>129,146</u>
Total liabilities	<u>70,743,085</u>	<u>-</u>	<u>70,743,085</u>
Net position			
Net investment in capital assets	56,897	-	56,897
Restricted for risk management	-	17,349,532	17,349,532
Unrestricted	17,764,797	-	17,764,797
Total net position	<u>\$ 17,821,694</u>	<u>\$ 17,349,532</u>	<u>\$ 35,171,226</u>

Community Mental Health Partnership of Southeast Michigan
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended September 30, 2023

	Mental Health Operating	Medicaid Risk Reserve	Total Proprietary Funds
Operating revenues			
Medicaid capitation	\$ 187,622,060	\$ -	\$ 187,622,060
Healthy Michigan	27,324,737	-	27,324,737
Autism	15,871,863	-	15,871,863
Behavioral health home	772,738	-	772,738
CCBHC	9,706,435	-	9,706,435
Incentives	308,529	-	308,529
Opioid health home	742,285	-	742,285
Substance use	15,238,368	-	15,238,368
PA2 revenues	1,431,123	-	1,431,123
State and federal grants	9,711,234	-	9,711,234
Affiliation charges	92,691	-	92,691
Contributions - local match drawdown	621,860	-	621,860
Total operating revenues	<u>269,443,923</u>	-	<u>269,443,923</u>
Operating expenses			
Funding for affiliate partners			
Lenawee Community Mental Health Authority	23,144,141	-	23,144,141
Community Mental Health Services of Livingston County	41,486,074	-	41,486,074
Monroe Community Mental Health Authority	46,996,097	-	46,996,097
Washtenaw County Community Mental Health	106,027,565	-	106,027,565
Total funding for CMHSP partners	<u>217,653,877</u>	-	<u>217,653,877</u>
Substance use disorder expense			
Contracted services - Behavioral Health Home	94,257	-	94,257
Contracted services - Medicaid and Healthy Michigan	11,760,919	-	11,760,919
Contracted services - PA2	1,431,123	-	1,431,123
Contracted services - Prevention	1,183,310	-	1,183,310
Contracted services - State agreement	8,635,402	-	8,635,402
Other grant funded	244,961	-	244,961
SUD administrative	720,408	-	720,408
Total substance use disorder expense	<u>24,070,380</u>	-	<u>24,070,380</u>
Other contractual obligations			
Hospital Rate Adjuster	5,667,200	-	5,667,200
Use and IPA Tax	2,099,550	-	2,099,550
Local match	621,860	-	621,860
Total other contractual obligations	<u>8,388,610</u>	-	<u>8,388,610</u>
Administrative expense			
Board per diem	24,395	-	24,395
Capital outlay - under \$5,000	32,271	-	32,271
Conferences	12,341	-	12,341
Depreciation	124,400	-	124,400
Dues and memberships	11,793	-	11,793
Insurance	13,302	-	13,302
Legal and accounting	37,788	-	37,788
Professional contracts	600,220	-	600,220
Salaries and fringes	1,470,635	-	1,470,635
Supplies	31,967	-	31,967

Community Mental Health Partnership of Southeast Michigan
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended September 30, 2023

	Mental Health Operating	Medicaid Risk Reserve	Total Proprietary Funds
Travel and training	\$ 45,647	\$ -	\$ 45,647
Utilities	23,381	-	23,381
Total administrative expense	<u>2,428,140</u>	-	<u>2,428,140</u>
Total operating expenses	<u>252,541,007</u>	-	<u>252,541,007</u>
Operating income (loss)	16,902,916	-	16,902,916
Nonoperating revenues (expenses)			
Investment income	595,323	25,388	620,711
Interest expense	(6,826)	-	(6,826)
Total nonoperating revenues (expenses)	<u>588,497</u>	<u>25,388</u>	<u>613,885</u>
Transfer in (out)	<u>(1,622,957)</u>	<u>1,622,957</u>	<u>-</u>
Change in net position	15,868,456	1,648,345	17,516,801
Net position, beginning of year	<u>1,953,238</u>	<u>15,701,187</u>	<u>17,654,425</u>
Net position, end of year	<u>\$ 17,821,694</u>	<u>\$ 17,349,532</u>	<u>\$ 35,171,226</u>

Community Mental Health Partnership of Southeast Michigan
Statement of Cash Flows
For the Year Ended September 30, 2023

	Mental Health Operating	Medicaid Risk Reserve	Total Proprietary Funds
Cash flows from operating activities			
Receipts from the State and other governments	\$ 258,919,558	\$ -	\$ 258,919,558
Payments to employees	(1,360,495)	-	(1,360,495)
Payments to affiliates and other governments	(228,705,255)	-	(228,705,255)
Payments to suppliers and providers	(25,319,701)	-	(25,319,701)
Net cash provided by operating activities	3,534,107	-	3,534,107
Cash flows from capital and related financing activities			
Acquisition of capital assets	(66,816)	-	(66,816)
Payment of direct borrowing	(122,391)	-	(122,391)
Payment of interest	(6,826)	-	(6,826)
Net cash provided by capital and related financing activities	(196,033)	-	(196,033)
Cash flows from noncapital financing activities			
Transfers from other funds	14,212,739	(14,212,739)	-
Net cash provided by noncapital financing activities	14,212,739	(14,212,739)	-
Cash flows from investment activities			
Investment income	595,323	25,388	620,711
Net cash provided by investment activities	595,323	25,388	620,711
Net increase in cash and cash equivalents	18,146,136	(14,187,351)	3,958,785
Cash and cash equivalents, beginning of year	17,735,389	15,028,133	32,763,522
Cash and cash equivalents, end of year	\$ 35,881,525	\$ 840,782	\$ 36,722,307
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 16,902,916	\$ -	\$ 16,902,916
Depreciation expense	124,400	-	124,400
Changes in assets and liabilities:			
Accounts receivable	48	-	48
Due from other agencies	526,040	-	526,040
Due from affiliate partners	(9,667,671)	-	(9,667,671)
Due from MDHHS	(2,204,233)	-	(2,204,233)
Prepaid expenses	46,351	-	46,351
Accounts payable	(462,567)	-	(462,567)
Accrued payroll and benefits	97,270	-	97,270
Due to other agencies	192,500	-	192,500
Due to affiliate partners	7,004,903	-	7,004,903
Due to MDHHS	(563,765)	-	(563,765)
Unearned revenue	(8,474,955)	-	(8,474,955)
Compensated absences	12,870	-	12,870
Net cash provided by operating activities	\$ 3,534,107	\$ -	\$ 3,534,107

**NOTES TO THE
FINANCIAL STATEMENTS**



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Community Mental Health Partnership of Southeast Michigan (the PIHP) 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 PIHP.

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 PIHP 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 PIHP are charges related to serving its customers (including primarily “per member per month” capitation and state and county appropriations). Operating expenses for the PIHP 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 PIHP 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 PIHP 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 PIHP accounts for its general operations.

In addition, the PIHP 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 PIHP 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 PIHP’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 PIHP 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 PIHP 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 (except for intangible right-to-use lease assets, the measurement of which is discussed in the leases policy below). 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 PIHP are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives. The other tangible and intangible property, plant, equipment, and the right to use assets of the CMHSP are depreciated/amortized using the straight-line method over the following estimated useful lives:

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

The PIHP 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 PIHP 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 PIHP 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 PIHP has legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

Compensated Absences

The PIHP’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 PIHP 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 PIHP has no items that qualify for reporting in this category.

Leases as a Lessee

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

At the commencement of a lease, the PIHP 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 PIHP determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The PIHP uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the PIHP 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 PIHP is reasonably certain to exercise.

The PIHP 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 PIHP 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 PIHP'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 PIHP 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 PIHP serves as the Pre-Paid Inpatient Health Plan for the area that includes Lenawee, Livingston, Monroe and Washtenaw Counties. The PIHP 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 PIHP's deposits may not be returned to it. The PIHP 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 PIHP bank balance was \$4,573,380 and \$4,323,380 of that amount was exposed to custodial credit risk because it was uninsured by FDIC.

Community Mental Health Partnership of Southeast Michigan
Notes to the Financial Statements
September 30, 2023

NOTE 3 – ACCOUNTS RECEIVABLE

The PIHP 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	-	16,508,750
Medicaid risk reserve	16,508,750	-
Total	16,508,750	16,508,750

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	35,452
Livingston County PA2	107,484
Monroe County PA2	80,264
Washtenaw County PA2	213,078
Other	21
Total	436,299

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	7,786,456
Community Mental Health Services of Livingston County	8,766,003
Monroe Community Mental Health Authority	1,287,300
Washtenaw County Community Mental Health	16,001,339
Totals	33,841,098

Community Mental Health Partnership of Southeast Michigan
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NOTE 7 - DUE FROM MDHHS

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

Description	Amount
Due from MDHHS - PBIP/Withhold	2,260,510
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	1,465,772
Grants Receivable	3,375,324
Totals	18,098,721

NOTE 8 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Description	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated/amortized					
Construction in process	-	66,816	-	-	66,816
Total capital assets not being depreciated/amortized	-	66,816	-	-	66,816
Capital assets being depreciated/amortized					
Computers and software	78,000	-	-	-	78,000
Right to use - building	435,400	-	-	-	435,400
Total capital assets being depreciated/amortized	513,400	-	-	-	513,400
Accumulated depreciation/amortization					
Computers and software	(78,000)	-	-	-	(78,000)
Right to use - building	(124,400)	(124,400)	-	-	(248,800)
Total accumulated depreciation/amortization	(202,400)	(124,400)	-	-	(326,800)
Capital assets being depreciated/amortized, net	311,000	(124,400)	-	-	186,600
Net investment in capital assets	311,000	(57,584)	-	-	253,416

NOTE 9 - DUE TO OTHER AGENCIES

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

Description	Amount
Hospital Rate Adjustment (HRA)	1,465,772

Community Mental Health Partnership of Southeast Michigan
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NOTE 10 - DUE TO AFFILIATE PARTNERS

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

Description	Amount
Lenawee Community Mental Health Authority	107,250
Community Mental Health Services of Livingston County	3,853,816
Monroe Community Mental Health Authority	10,339,564
Washtenaw County Community Mental Health	16,808,548
Total	31,109,178

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
FY22 MCAID/HMP Lapse	2,713,048
FY23 BHH Recoup	5,252
OHH Recoupment	289,748
FY22 DCW Lapse	1,458,097
FY23 CCBHC Lapse	1,412,947
Total	6,234,061

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	2,260,510
Medicaid carryforward	4,778,468
Healthy Michigan carryforward	2,709,830
Unearned PA2	3,655,984
Total	13,404,792

NOTE 13 – LONG-TERM LIABILITIES

Direct Borrowings

Description	Original Borrowing	Interest Rates	Final Maturity	Outstanding at Year-end
Boardwalk lease	435,400	2.59%	2025	196,519

The CMHSP’s outstanding loans from direct borrowings and direct placements related to mental health operations contain provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

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	60,245	21,907	(9,037)	73,115	10,967
Direct borrowing	318,910	-	(122,391)	196,519	129,521
Total	379,155	21,907	(131,428)	269,634	140,488

The future principal and interest lease payments as of year-end were as follows:

Year Ended September 30	Direct Borrowings	
	Principal	Interest
2024	129,521	3,572
2025	66,998	531
Total long-term debt	196,519	4,103

NOTE 14 - 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 being depreciated, net	253,416
Capital related long-term liabilities	(196,519)
Net investment in capital assets	56,897

NOTE 15 – RETIREMENT PLANS

Defined Contribution Retirement Plan – 401(a)

Plan Description

The PIHP 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 PIHP’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 PIHP 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 \$117,251. The outstanding liability to the plan at year-end was \$0.

Deferred Compensation Retirement Plan – 457

Plan Description

The PIHP 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 PIHP'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 PIHP 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 \$134,445. The outstanding liability to the plan at year-end was \$0.

NOTE 16 - RISK MANAGEMENT

Commercial Insurance

The PIHP 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 PIHP 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 PIHP covers the costs up to 105% of the annual Medicaid and Healthy Michigan contract. The PIHP 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 PIHP 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 17 – CONTINGENT LIABILITIES

Under the terms of various federal and state grants and regulatory requirements, the PIHP 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 PIHP expects such amounts, if any, to be immaterial.

NOTE 18 – ECONOMIC DEPENDENCE

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

NOTE 19 – TRANSFERS

The Mental Health Fund transferred \$1,622,957 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 20 - UPCOMING ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 100, *Accounting Changes and Error Corrections*, was issued by the GASB in June 2022 and will be effective for the PIHP's fiscal year September 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement prescribes the accounting and financial reporting for 1) each type of accounting change and 2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period.

GASB Statement No. 101, *Compensated Absences*, was issued by the GASB in June 2022 and will be effective for the PIHP'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

Community Mental Health Partnership of Southeast Michigan
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September 30, 2023

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 PIHP), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the PIHP's basic financial statements, and have issued our report thereon dated March 27, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the PIHP'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 PIHP's internal control. Accordingly, we do not express an opinion on the effectiveness of the PIHP'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 PIHP'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 PIHP'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 PIHP'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 PIHP'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

March 27, 2024



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 PIHP) for the year ended September 30, 2023. 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 PIHP are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the PIHP 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 PIHP'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 PIHP'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 PIHP'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 PIHP'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 PIHP and is not intended to be, and should not be, used by anyone other than these specified parties.

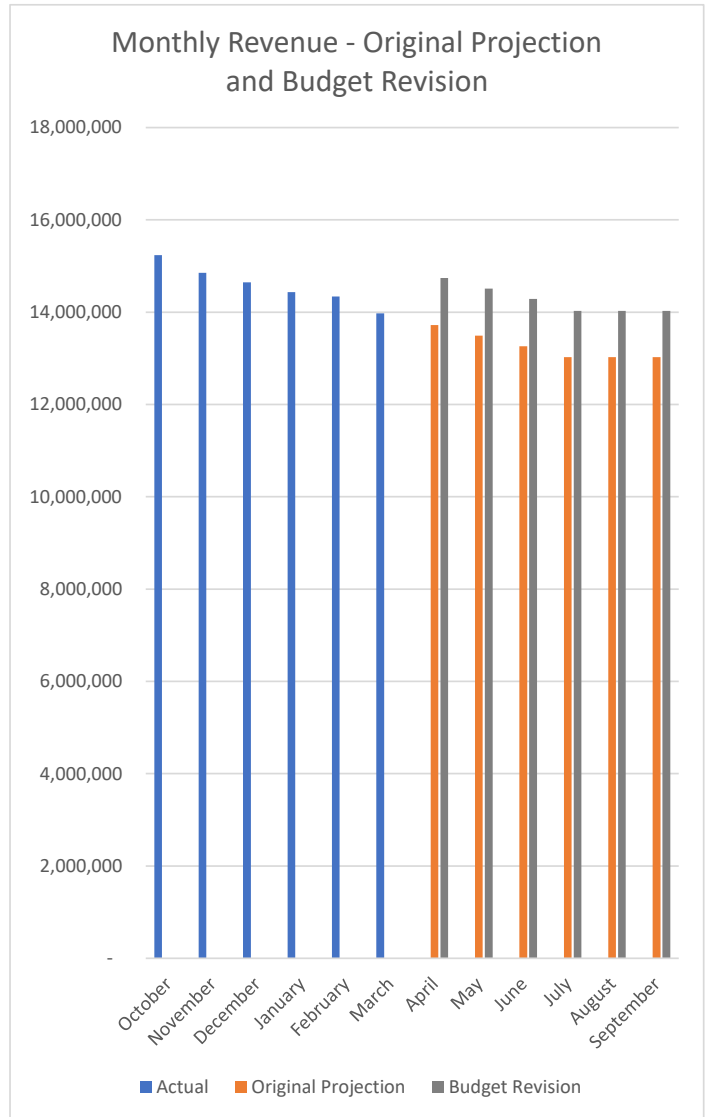
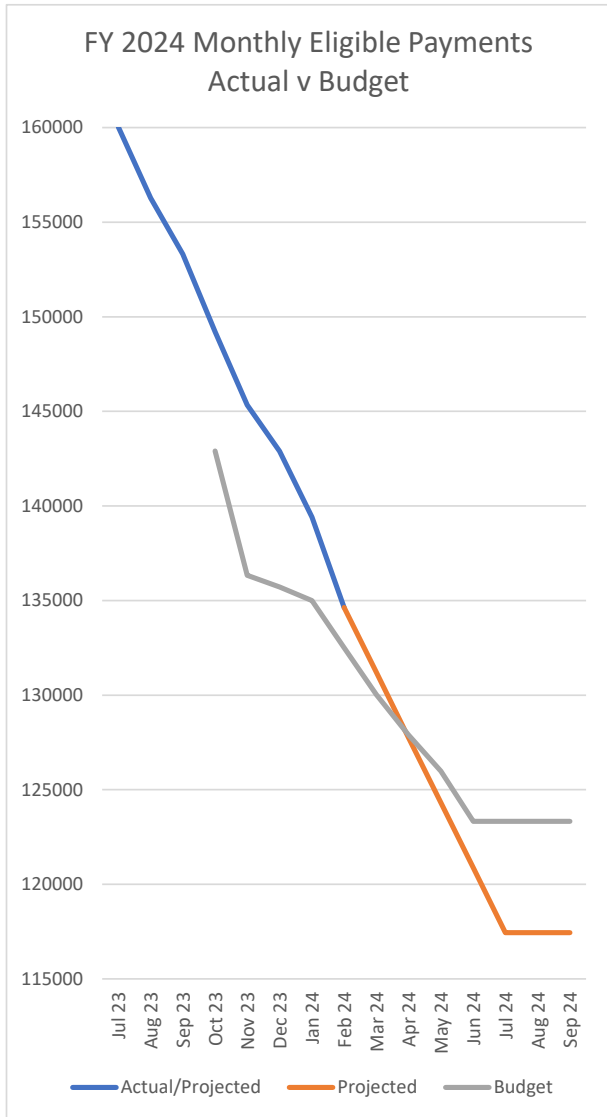
Sincerely,



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

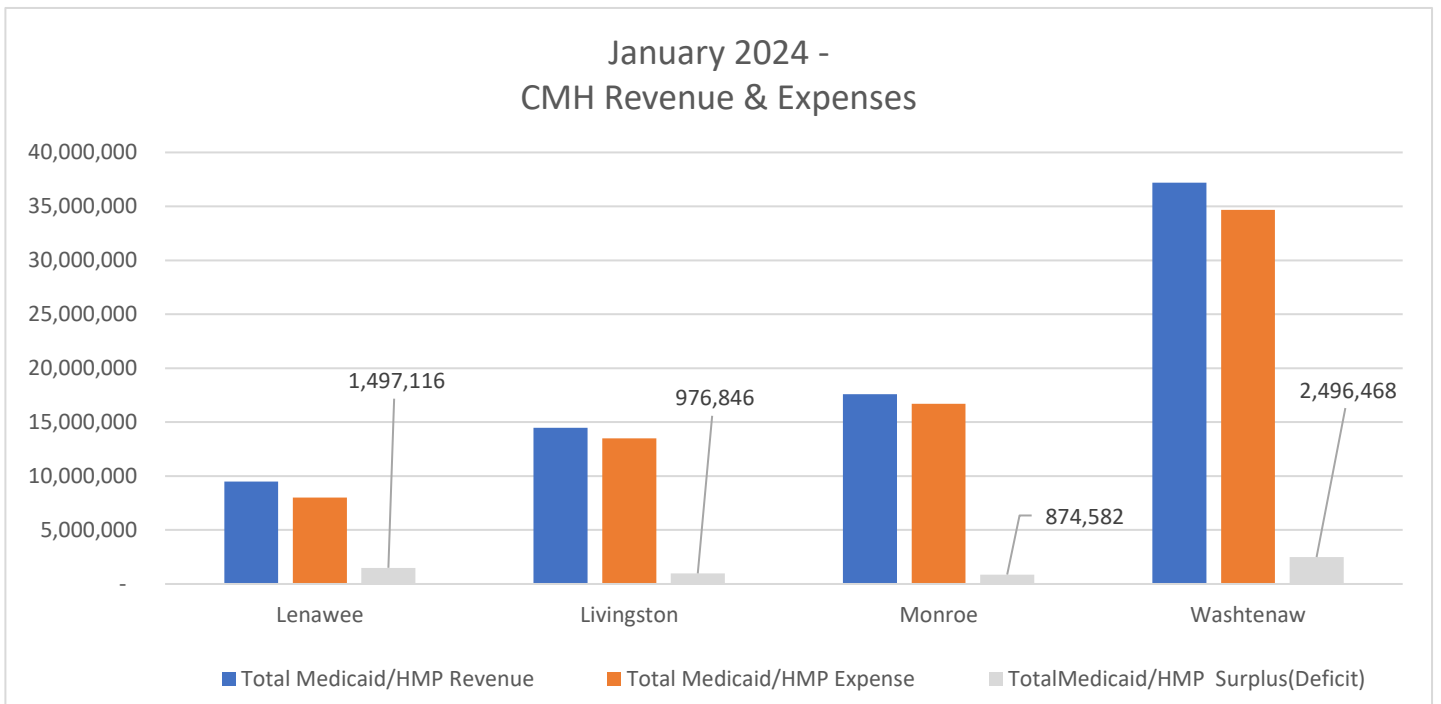


**Community Mental Health Partnership of Southeast Michigan
Financial Statements
September 30, 2023**



Operating Activities	Budget FY 2024	YTD Budget	YTD Actual	Actual to Budget	Percent Variance	Projected Year-End	Projected to Budget
MH Medicaid Revenue	249,119,741	96,192,328	103,164,297	6,971,969	7.2%	249,119,741	-
MH Medicaid Expenses	241,381,989	97,835,675	101,681,149	(3,845,474)	-3.9%	241,381,989	-
MH Medicaid Net	7,737,752	(1,643,347)	1,483,148	3,126,496	-190.3%	7,737,752	-
SUD/Grants Revenue	26,356,613	11,047,928	10,318,249	(729,679)	-6.6%	26,356,613	-
SUD/Grants Expenses	27,374,809	11,366,565	9,217,367	2,149,198	18.9%	27,374,809	-
SUD/Grants Net	(1,018,196)	(318,637)	1,100,881	1,419,519	445.5%	(1,018,196)	-
PIHP							
PIHP Revenue	2,090,000	870,833	1,295,914	425,081	48.8%	2,249,180	159,180
PIHP Expenses	3,260,292	1,296,746	1,099,331	(197,415)	15.2%	3,260,292	-
PIHP Total	(1,170,292)	(425,913)	196,583	622,496	146.2%	(1,011,112)	159,180
Total Revenue	277,566,354	108,111,089	114,778,460	6,667,371	6.2%	277,725,534	159,180
Total Expenses	272,017,090	110,498,987	111,997,847	(1,498,861)	-1.4%	272,017,090	-
Total Net	5,549,264	(2,387,898)	2,780,612	5,168,510	-216.4%	5,708,444	159,180

Regional CMH Revenue and Expenses
Regional Charts



December 2023	Lenawee	Livingston	Monroe	Washtenaw	Region
Total Medicaid/HMP Revenue	9,497,488	14,485,216	17,589,396	37,182,850	78,754,950
Total Medicaid/HMP Expense	8,000,372	13,508,370	16,714,814	34,686,382	72,909,938
Total Medicaid/HMP Surplus(Deficit)	1,497,116	976,846	874,582	2,496,468	5,845,012
Surplus Percent of Revenue	15.8%	6.7%	5.0%	6.7%	7.4%

Washtenaw & Monroe numbers include Medicaid , Healthy Michigan and CCBHC expenses

Community Mental Health Partnership of Southeast Michigan
Preliminary Statement of Revenue and Expenses Notes
Period Ending February 29, 2024

SUMMARY PAGE

1. The following chart compares the liquid assets of CMHPSM at the start of FY 2024 and at the end of the reporting period, February 29, 2024.

Asset Type	Description	September 2023	February 2024
Cash	Operations	4,225,892	5,688,577
	Total Cash	4,225,892	5,688,577
Investments	CD		
	Money Market	12,549,074	11,211,349
	US Treasuries	20,465,890	10,293,000
	Total Investments	33,014,964	21,504,349
Total Liquid Assets		37,240,856	27,192,926

2. The cash balance reflects the \$14,885,793 in payments made to the CMHs for the FY 2018 and FY 2019 deficits..

Medicaid Mental Health

1. Medicaid and HMP Year-to-Date budgets are calculated at 42.25% of budget. This reflects Medicaid/HMP revenues decreasing each month.
2. Total Mental Health revenue was 7.2% higher due to strong CCBHC revenue.
3. Medicaid expenses were 3.9% higher than budget due to increased waiver revenue and increased CCBHC revenue.

Medicaid and Grant SUS

1. Substance Use Healthy Michigan and Medicaid were higher than budget due to the state allocation towards Substance Use.
2. Grant expenditures remain lower than budget. Total Grant revenue and expenditures will be revised in a budget revision.
3. The Tobacco/Other Grant line includes both Tobacco and MIPAC Grant. The Women’s Specialty Service line only contains Block Grant WSS expenditures.

PIHP Administration

1. PIHP Administrative Revenue and Expenses are higher than budget due to late notice from MDHHS that Local Match would be included in FY 2024. Both Washtenaw and Monroe have opted out of making Local Match payments in FY 2024.
2. Except for Local Match, Administrative expenses are below budget in part due to open positions.
3. PIHP revenue also showed strong investment revenue in the first quarter. Investment Revenue will be moved to the ISF in a budget revision.

Community Mental Health Partnership of Southeast Michigan
Preliminary Statement of Revenues and Expenditures
For the Period Ending February 29, 2024

	Budget FY 2024	YTD Budget	YTD Actual	Actual to Budget	Percent Variance	Projected Year-End	Projected O(U) Budget
MEDICAID							
MEDICAID REVENUE							
Medicaid/Medicaid CCBHC	122,225,746	51,640,378	54,140,792	2,500,414	4.8%	122,225,746	-
Medicaid Waivers	60,344,963	25,143,735	25,501,395	357,661	1.4%	60,344,963	-
HMP/HMP CCBHC	16,159,382	6,827,339	6,327,194	(500,145)	-7.3%	16,159,382	-
Medicaid Autism	14,603,811	6,170,110	7,421,870	1,251,760	20.3%	14,603,811	-
Prior Year Carry Forward	15,000,000			-		15,000,000	-
Behavioral Health Home CCBHC	739,375 14,646,464	308,073 6,102,693	511,251 9,261,795	203,178 3,159,101	66.0% 51.8%	739,375 14,646,464	- -
HRA MCAID Revenue	2,700,000			-		2,700,000	-
HRA HMP Revenue	2,700,000			-		2,700,000	-
Medicaid Revenue	249,119,741	96,192,328	103,164,297	6,971,969	7.2%	249,119,741	-
MEDICAID EXPENDITURES							
IPA MCAID	2,208,102	483,806	483,806	0		2,208,102	-
IPA HMP	272,912	59,796	59,796	(0)		272,912	-
HRA MC	2,700,000			-		2,700,000	-
HRA HMP	2,700,000			-		2,700,000	-
Lenawee CMH							
Medicaid (b) & 1115i	17,843,611	7,434,838	7,434,838	(0)	0.0%	17,843,611	-
Medicaid Waivers	6,606,953	2,752,897	2,894,109	(141,212)	-5.1%	6,606,953	-
Healthy Michigan Expense	2,537,816	1,057,423	1,057,423	0	0.0%	2,537,816	-
Autism Medicaid	1,096,819	457,008	457,008	0	0.0%	1,096,819	-
Behavioral Health Homes	50,000	20,833	21,526	(693)	-3.3%	50,000	-
DHIP		-	15,355	(15,355)		-	-
Lenawee CMH Total	28,135,199	11,723,000	11,880,259	(157,260)	-1.3%	28,135,199	-
Livingston CMH							
Medicaid (b) & 1115i	25,958,028	10,815,845	10,815,845	0	0.0%	25,958,028	-
Medicaid Waivers	9,563,961	3,984,984	4,043,529	(58,545)	-1.5%	9,563,961	-
Healthy Michigan Expense	2,467,711	1,028,213	1,028,213	-	0.0%	2,467,711	-
Autism Medicaid	5,309,239	2,212,183	2,212,183	0	0.0%	5,309,239	-
Behavioral Health Homes	55,000	22,917	33,381	(10,465)	-45.7%	55,000	-
DHIP		-	25,945	(25,945)		-	-
Livingston CMH Total	43,353,939	18,064,141	18,159,096	(94,955)	-0.5%	43,353,939	-
Monroe CMH							
Medicaid	22,014,214	9,172,589	9,172,589	(0)	0.0%	22,014,214	-
Medicaid Waivers	11,035,801	4,598,250	4,801,025	(202,774)	-4.4%	11,035,801	-
Healthy Michigan	2,860,301	1,191,792	1,191,792	0	0.0%	2,860,301	-
Autism Medicaid	2,066,470	861,029	861,029	0	0.0%	2,066,470	-
CCBHC	12,000,000	5,000,000	5,899,862	(899,862)	-18.0%	12,000,000	-
Behavioral Health Homes	96,500	40,208	146,629	(106,420)	-264.7%	96,500	-
DHIP		-	11,649	(11,649)		-	-
Monroe CMH Total	50,073,286	20,863,869	22,084,574	(1,220,705)	-5.9%	50,073,286	-
Washtenaw CMH							
Medicaid	49,619,192	20,674,663	20,674,663	(0)	0.0%	49,619,192	-
Medicaid Waivers	31,350,706	13,062,794	13,362,361	(299,566)	-2.3%	31,350,706	-
Healthy Michigan Expense	6,155,256	2,564,690	2,564,690	0	0.0%	6,155,256	-
Autism Medicaid	7,423,397	3,093,082	3,093,082	(0)	0.0%	7,423,397	-
CCBHC	17,000,000	7,083,333	9,106,061	(2,022,728)	-28.6%	17,000,000	-
Behavioral Health Homes	390,000	162,500	207,464	(44,964)	-27.7%	390,000	-
DHIP		-	5,295	(5,295)		-	-
Washtenaw CMH Total	111,938,551	46,641,063	49,013,616	(2,372,554)	-5.1%	111,938,551	-
Medicaid Expenditures	241,381,989	97,835,675	101,681,149	(3,845,474)	-3.9%	241,381,989	-
Medicaid Total	7,737,752	(1,643,347)	1,483,148	3,126,496	-190.3%	7,737,752	-

Community Mental Health Partnership of Southeast Michigan
Preliminary Statement of Revenues and Expenditures
For the Period Ending February 29, 2024

	Budget FY 2024	YTD Budget	YTD Actual	Actual to Budget	Percent Variance	Projected Year-End	Projected O(U) Budget
SUD/GRANTS							
SUD/GRANTS REVENUE							
Healthy Michigan Plan SUD	8,101,577	3,422,916	3,842,490	419,574	12.3%	8,101,577	-
Medicaid SUD	3,213,686	1,357,782	1,759,491	401,709	29.6%	3,213,686	-
PA2 - Tax Revenue (Est)	1,825,000	760,417	213,552	(546,865)		1,825,000	-
PA2 - Use of Reserve (Est)	1,088,518	453,549	577,101	123,552		1,088,518	-
Federal/State Grants	11,277,832	4,699,097	3,648,974	(1,050,122)	-22.3%	11,277,832	-
Opioid Health Homes	850,000	354,167	276,640	(77,526)	-28.0%	850,000	-
SUD/Grants REVENUE	26,356,613	11,047,928	10,318,249	(729,679)	-6.6%	26,356,613	-
				0			
				0			
SUD/GRANTS EXPENDITURES							
SUD Administration							
Salaries & Fringes	1,235,683	475,263	376,715	(98,548)	20.7%	1,235,683	-
Indirect Cost Recovery	(432,333)	(180,139)	(37,500)	142,639		(432,333)	-
SUD Administration	803,350	295,124	339,215	44,091	14.9%	803,350	-
Lenawee SUD Services	2,334,501	972,709	808,198	(164,511)	16.9%	2,334,501	-
Livingston SUD Services	2,694,735	1,122,806	943,619	(179,187)	16.0%	2,694,735	-
Monroe SUD Services	4,110,257	1,712,607	1,497,707	(214,900)	12.5%	4,110,257	-
Washtenaw SUD Services	9,225,314	3,843,881	3,125,948	(717,932)	18.7%	9,225,314	-
Opioid Health Homes	680,000	283,333	156,473	(126,861)	44.8%	680,000	-
Veteran Navigation	192,000	80,000	76,162	(3,838)	4.8%	192,000	-
COVID Grants	2,872,345	1,196,810	1,265,961	69,151	-5.8%	2,872,345	-
SOR	3,890,236	1,620,932	871,977	(748,954)	46.2%	3,890,236	-
Gambling Prevention Grant	217,582	90,659	22,107	(68,552)	75.6%	217,582	-
Tobacco/Other	4,000	1,667	42,451	40,784	-2447.1%	4,000	-
Women's Specialty Services	350,489	146,037	67,549	(78,488)	53.7%	350,489	-
SUD/Grants Expenditures	27,374,809	11,366,565	9,217,367	2,149,198	18.9%	27,374,809	-
SUD/Grants Total	(1,018,196)	(318,637)	1,100,881	1,419,519	445.5%	(1,018,196)	-
PIHP							
PIHP REVENUE							
Incentives (Est)	1,890,000	787,500	833,994	46,494	5.9%	1,890,000	-
Local Match	-	-	79,590	79,590		159,180	(159,180)
Other Income	200,000	83,333	382,330	298,997	358.8%	200,000	-
PIHP Revenue	2,090,000	870,833	1,295,914	425,081	48.8%	2,249,180	159,180
PIHP EXPENDITURES							
PIHP Admin							
Local Match	-	-	79,590	79,590	0.0%	-	-
Salaries & Fringes	1,925,306	740,502	589,456	(151,046)	-20.4%	1,925,306	-
Contracts	865,500	360,625	429,807	69,182	19.2%	865,500	-
Other Expenses	466,486	194,369		(194,369)	-100.0%	466,486	-
PIHP Admin	3,257,292	1,295,496	1,098,854	(196,643)	15.2%	3,257,292	-
Board Expense	3,000	1,250	478	(772)	-61.7%	3,000	-
PIHP Expenditures	3,260,292	1,296,746	1,099,332	(197,415)	15.2%	3,260,292	-
PIHP Total	(1,170,292)	(425,913)	196,582	622,496	-146.2%	(1,011,112)	159,180
Organization Total	5,549,264	(2,387,898)	2,780,612	5,168,510	-216.4%	5,708,444	159,180
Totals							
Revenue	277,566,354	108,111,089	114,778,460	6,667,371	-6.2%	277,725,534	159,180
Expenses	272,017,090	110,498,987	111,997,848	(1,498,861)	1.4%	272,017,090	-
Net	5,549,264	(2,387,898)	2,780,612	5,168,510	-216.4%	5,708,444	159,180



Regional Board Action Request – FY2020-21 PBIP Utilization

Board Meeting Date: April 10, 2024

Action Requested: Board approval of the utilization of \$2,376,421 of FY2020 and FY2021 Performance Based Incentive Pool (PBIP) funding to utilize towards deficit repayment as originally reported prior to the MDHHS one-time exception approval.

Background: The CMHPSM Board of Directors approved our participation in a MDHHS one time exception plan related to repayment of our FY2018 and FY2019 deficits utilizing FY2022 Internal Service Funds retroactively. As we moved through the contract closeout processes for FY2018, FY2019, FY2020 and FY2021, MDHHS has asserted that PBIP funds earned for FY2020 and FY2021 need to be incurred as Medicaid deficit repayment. We had originally reported that we would use PBIP funds for that purpose and MDHHS has denied our request to withhold those funds from the Medicaid deficit resolution. With approval to utilize these PBIP funds we will proceed with FY2022 contract closeout to complete the process which will conclude with repayment of the State share of the risk corridor.

Fiscal Year PBIP	Estimated PBIP Not Yet Earned	PBIP Utilized for Deficit Repayment	PBIP to ISF for Deficit Repayment	PBIP to PIHP/CMHSPs
FY 2018		\$ 1,124,069		
FY 2019		\$ 1,192,712		
FY 2020			\$ 1,080,975	
FY 2021			\$ 1,295,446	
FY 2022				\$ 1,608,533
FY 2023				\$ 1,623,991
FY 2024 *	\$ 1,650,000			

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

Recommend: Board Review of Options Presented



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

ELIZABETH HERTEL
DIRECTOR

March 8, 2024

James Colaianne, CEO
CMH Partnership of SE MI
3005 Boardwalk Dr., Ste. 200
Ann Arbor, MI 48108

RE: CMHPSM FSR/Settlement

Dear Mr. Colaianne:

Michigan Department of Health and Human Services (MDHHS) is responding to questions from the Community Mental Health Partnership of Southeast Michigan (CMHPSM) pertaining to the cost settlement process for Fiscal Years (FY) 2018 through 2022.

After extensive consideration, MDHHS granted a one-time exception to the MDHHS/CMHPSM contract to allow the FY22 ISF to be used for any preceding risk-corridor local State/Contractor Managed Care Plan Contract deficit. Subsequently, CMHPSM requested to retroactively shift Performance Bonus Incentive Program (PBIP) funds from being used to cover Medicaid services to retain such funds as local, reducing the lapsed amount.

As indicated in the September 29, 2023, letter, MDHHS will issue the state share of the FY18 and FY19 risk corridor when all FY18-FY22 payment obligations have been met by CMHPSM. To expedite both the payments from MDHHS for the risk corridor and payments from CMHPSM for the savings corridor for these years, the FY18-FY21 settlements were issued on the same date and followed the traditional reporting requirements. An extension of the due date can be granted if the PIHP requires more time for review of the issued settlements. Please keep in mind, MDHHS's contract settlement review can begin at any time once the contract year compliance examination management decision or closure letter has been issued.

MDHHS's policy does not restrict the use of PBIP on Medicaid service costs. PBIP funds must be utilized for the benefit of the public behavioral health system, such as what was documented on the FY20 and FY21 audited financials. MDHHS did communicate that financial reporting that reflects a negative ISF balance would not be recognized for settlement of the Medicaid contract.

James Colaianne, CEO
March 8, 2024
Page 2

Returning now to the CMHPSM request to redirect FY20 and FY21 PBIP funds, MDHHS denies the request and will move forward with the original reporting for settlement. The lapse was calculated/recorded according to the PIHP audited financial status report which was accepted and reviewed by the Bureau of Audit. The closing entries have been booked as previously reported and it aligns with the audited financials.

Sincerely,

Kristen Jordan

Kristen Jordan, Director
Bureau of Specialty Behavioral Health Services
Behavioral and Physical Health and Aging Services Administration

c: Meghan E. Groen, MDHHS
Amy Epkey, MDHHS
Shannah Havens, MDHHS
Leslie Asman, MDHHS
Kidada Smith, MDHHS
Jackie Sproat, MDHHS
June White, MDHHS
Tim Kubu, MDHHS
William Anderson, MDHHS



Regional Board Action Request – FY2024 Budget Revision

Board Meeting Date: April 10, 2024

Action Requested: Approve the included revisions to the FY2024 CMHPSM operating budget.

Background: The CMHPSM has received additional information related to our FY2024 revenue and expenses which staff believe necessitates a budget revision for FY2024.

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

Our contract, regional strategic plan and shared governance model require a balanced budget to be utilized in conjunction with our Financial Stability and Risk Management Board governance policy.

Recommend: Approval

Community Mental Health CMHPSM Proposed Budget Revision 1 - FY 2024

	Original FY2024 Budget	Proposed FY2024 Revision	Difference	% Change	Budget Revision Comments	Feb 24 YTD Actual
MENTAL HEALTH						
MEDICAID REVENUE						
Medicaid	122,225,746	128,391,843	6,166,097	5.0%	Increased Revenue Projection Per April 2024 Rates	54,140,792
Medicaid Waivers	60,344,963	61,704,640	1,359,677	2.3%	Increased Revenue Projection Per April 2024 Rates	25,501,395
HMP	16,159,382	14,272,296	(1,887,086)	-11.7%	Revenue Decreased Due to Decreased Enrollment	6,327,194
Medicaid Autism	14,603,811	17,600,547	2,996,736	20.5%	Increased Revenue Projection Per April 2024 Rates	7,421,870
Prior Year Carry Forward	15,000,000	3,849,666	(11,150,334)	-74.3%	Amount Decreased Due to FY18-19 Deficit Re-payment	
Prior Year Recovery		(345,001)	(345,001)		MDHHS FY14-16 Deceased Individuals Recoupment	
Behavioral Health Home	739,375	1,213,586	474,211	64.1%	Increased Revenue Projection	511,251
CCBHC	14,646,464	21,692,066	7,045,602	48.1%	Increased Revenue Projection	9,261,795
HRA Revenue	5,400,000	5,400,000	-	0.0%		
Medicaid Revenue	249,119,741	253,779,644	4,659,903	1.9%		103,164,297
MEDICAID EXPENDITURES						
IPA Tax	2,481,014	2,481,014	-	0.0%		483,806
HRA Payments	5,400,000	5,400,000	-	0.0%		
Lenawee CMH						
Medicaid (b) & 1115i	17,843,611	17,931,110	87,499	0.5%	Increase for DCW Overtime Pay Component	7,450,193
Medicaid Waivers	6,606,953	7,197,756	590,803	8.9%	Increased Revenue Projection - CMHSP Passthrough	2,894,109
Healthy Michigan Expense	2,537,816	2,537,816	(0)	0.0%		1,057,423
Autism Medicaid	1,096,819	1,096,819	(0)	0.0%		457,008
Behavioral Health Homes	50,000	51,164	1,164	2.3%	Increased Revenue Projection - CMHSP Passthrough	21,526
Lenawee CMH Total	28,135,199	28,814,665	679,466	2.4%		11,880,259
Livingston CMH						
Medicaid (b) & 1115i	25,958,028	26,133,028	175,000	0.7%	Increase for DCW Overtime Pay Component	10,841,790
Medicaid Waivers	9,563,961	9,929,468	365,507	3.8%	Increased Revenue Projection - CMHSP Passthrough	4,043,529
Healthy Michigan Expense	2,467,711	2,467,711	-	0.0%		1,028,213
Autism Medicaid	5,309,239	5,309,239	(0)	0.0%		2,212,183
Behavioral Health Homes	55,000	76,122	21,122	38.4%	Increased Revenue Projection - CMHSP Passthrough	33,381
Livingston CMH Total	43,353,939	43,915,568	561,629	1.3%		18,159,096
Monroe CMH						
Medicaid	22,014,214	22,189,214	175,000	0.8%	Increase for DCW Overtime Pay Component	9,184,238
Medicaid Waivers	11,035,801	11,799,227	763,426	6.9%	Increased Revenue Projection - CMHSP Passthrough	4,801,025
Healthy Michigan	2,860,301	2,860,301	(0)	0.0%		1,191,792
Autism Medicaid	2,066,470	2,066,470	(0)	0.0%		861,029
CCBHC	12,000,000	13,191,388	1,191,388	9.9%	Increased Revenue Projection - CMHSP Passthrough	5,899,862
Behavioral Health Homes	96,500	335,062	238,562	247.2%	Increased Revenue Projection - CMHSP Passthrough	146,629
Monroe CMH Total	50,073,286	52,441,662	2,368,376	4.7%		22,084,575
Washtenaw CMH						
Medicaid	49,619,192	49,969,192	350,000	0.7%	Increase for DCW Overtime Pay Component	20,679,958
Medicaid Waivers	31,350,706	32,610,867	1,260,161	4.0%	Increased Revenue Projection - CMHSP Passthrough	13,362,361
Healthy Michigan Expense	6,155,256	6,155,256	(0)	0.0%		2,564,690
Autism Medicaid	7,423,397	7,423,397	0	0.0%		3,093,082
CCBHC	17,000,000	20,300,970	3,300,970	19.4%	Increased Revenue Projection - CMHSP Passthrough	9,106,061
Behavioral Health Homes	390,000	508,521	118,521	30.4%	Increased Revenue Projection - CMHSP Passthrough	207,464
Washtenaw CMH Total	111,938,551	116,968,204	5,029,653	4.5%		49,013,616
Medicaid Expenditures	241,381,989	250,021,113	8,639,124	3.6%		101,681,148
Medicaid Total	7,737,752	3,758,531	(3,979,221)	-51.4%		1,483,149

Community Mental Health CMHPSM Proposed Budget Revision 1 - FY 2024

	Original FY2024 Budget	Proposed FY2024 Revision	Difference	% Change	Budget Revision Comments	Feb 24 YTD Actual
SUD/GRANTS						
SUD/GRANTS REVENUE						
Healthy Michigan Plan SUD	8,101,577	8,667,532	565,955	7.0%	Increased to reflect MDHHS allocation to Substance Use Services	3,842,490
Medicaid SUD	3,213,686	4,172,534	958,848	29.8%	Increased to reflect MDHHS allocation to Substance Use Services	1,759,491
PA2 - Tax Revenue (Est)	1,825,000	1,397,444	(427,556)	-23.4%	Updated Due to Utilization	213,552
PA2 - Use of Reserve (Est)	1,088,518		(1,088,518)	-100.0%	Updated Due to Utilization	577,101
Federal/State Grants	11,277,832	8,702,756	(2,575,076)	-22.8%	Updated Due to Utilization	3,648,974
Opioid Health Homes	850,000	610,000	(240,000)	-28.2%	Updated Due to Utilization	276,640
SUD/Grants REVENUE	26,356,613	23,550,266	(2,806,347)	-10.6%		10,318,248
SUD/GRANTS EXPENDITURES						
SUD Administration						
Salaries & Fringes	1,235,683	1,227,918	(7,765)	-0.6%		376,715
Indirect Cost Recovery	(432,333)	(427,500)	4,833	-1.1%		(37,500)
SUD Administration	803,350	800,418	(2,932)	-0.4%		339,215
Lenawee SUD Services	2,334,501	1,911,748	(422,753)	-18.1%	Some Block Grant Expenses Moved to Covid Grants	808,198
Livingston SUD Services	2,694,735	2,250,253	(444,482)	-16.5%	Some Block Grant Expenses Moved to Covid Grants	943,619
Monroe SUD Services	4,110,257	3,731,736	(378,521)	-9.2%	Some Block Grant Expenses Moved to Covid Grants	1,497,707
Washtenaw SUD Services	9,225,314	7,709,340	(1,515,973)	-16.4%	Some Block Grant Expenses Moved to Covid Grants, SUD Service are down from FY 2023	3,125,948
Opioid Health Homes	680,000	488,000	(192,000)	-28.2%	Updated Due to Utilization	156,473
Veteran Navigation	192,000	205,383	13,383	7.0%	Increased Funding for Program	76,162
COVID Grants	2,872,345	2,655,383	(216,962)	-7.6%	End of COVID Grants extended from March 2024 to March 2025	1,265,961
SOR	3,890,236	1,998,619	(1,891,617)	-48.6%	Updated Due to Utilization	871,977
Gambling Prevention Grant	217,582	24,520	(193,062)	-88.7%	Updated Due to Utilization	22,107
Tobacco/Other	4,000	90,880	86,880	2172.0%	MIPAC Grant added to projection	42,451
Women's Specialty Services	350,489	139,294	(211,195)	-60.3%	Updated Due to Utilization	67,549
SUD/Grants Expenditures	27,374,809	22,005,573	5,369,236	19.6%	Original Budget at Grant Award/Revised at expected expenditures	9,217,367
SUD/Grants Total	(1,018,196)	1,544,693	2,562,889	-251.7%		1,100,881

Community Mental Health CMHPSM Proposed Budget Revision 1 - FY 2024

	Original FY2024 Budget	Proposed FY2024 Revision	Difference	%	Budget Revision Comments	Feb 24 YTD Actual
PIHP						
PIHP REVENUE						
Incentives (Est)	1,890,000	1,890,000	-	0.0%		833,994
Local Match	-	159,180	159,180		Originally unbudgeted CMHSP Passthrough	79,590
Other Income	200,000	20,000	(180,000)	-90.0%	Interest allocated to ISF after FY18-19 deficit repayment	382,330
PIHP Revenue	2,090,000	2,069,180	(20,820)	-1.0%		1,295,914
PIHP EXPENDITURES						
PIHP Admin						
Local Match	-	159,180	159,180		Local Match letter received after budget approved.	79,590
Salaries & Fringes	1,925,306	1,801,909	(123,397)	-6.4%	Decrease due to unfilled positions	589,456
Contracts	865,500	797,672	(67,828)	-7.8%	Decrease in projected expenditures	429,807
Other Expenses	466,486	424,081	(42,405)	-9.1%	Decrease in projected expenditures	
PIHP Admin	3,257,292	3,182,841	(74,451)	-2.3%		1,098,853
Board Expense	3,000	3,000	-			478
PIHP Expenditures	3,260,292	3,185,841	(74,451)	-2.3%		1,099,331
PIHP Total	(1,170,292)	(1,116,661)	53,631	-4.6%		196,583
Organization Total	5,549,264	4,186,563	(1,362,701)	-24.6%		2,780,613
Totals						
Revenue	277,566,354	279,399,090	1,832,736	0.7%		114,778,459
Expenses	272,017,090	275,212,527	3,195,437	1.2%		111,997,846
Net	5,549,264	4,186,563	(1,362,701)	-24.6%		2,780,613

Proposed FY 2024 Budget Revision #1 Summary

There are four items that have prompted a proposed budget revision for FY2024:

1. **FY2024 MDHHS Capitation Rate Change Increasing Revenue (+\$7.0M):** MDHHS held a rate setting meeting on 3/21/2024 in which they announced an increase in the Medicaid capitation rates for FY2024. The rate increase was calculated with a full year impact to be paid out in the six months remaining in FY2024. Projected rate changes vary by program to program and age/gender rate cell have not yet been released, so this revenue projection is based upon the statewide average increase. Milliman and MDHHS have indicated that this rate increase was calculated to cover direct care worker overtime expenses and lower than projected eligible individuals in FY2024.
2. **Reduction in Available FY2023 Carry Forward (-\$11.1M):** The carry forward funding from FY 2023 was reduced from \$15M to \$3.8M in the revised budget. The reduction in carryforward in this budget reflects the FY2018-19 deficit resolution plan which required utilization of FY2022 Internal Service Fund (ISF) to repay the FY2018 and FY2019 deficits. Thus, FY2023 surplus was restated to be utilized to refill the ISF in FY2023. In the original FY2024 budget, we had assumed a FY2018-19 deficit continuing and significant carryforward from FY2023 to FY2024. Monroe CMH's final FY2023 expenditures, which exceeded their revenue also decreased the available FY2023 carryforward to FY2024 in comparison to the original FY2024 budget. The CMHPSM continues to project a full ISF in the revised FY2024 budget, just as originally budgeted.
3. **Reduced PIHP Grant & Substance Use Service Expenditures (+\$2.5M):** The original budget for FY2024 showed all the awarded grants expended to their maximum award limit. This budget revision shows projected grant expenditures for FY 2024 based upon actual year-to-date expenditure information through the first six months of FY2024.
4. **Death Audit Recoupment (-\$345,001):** When the original FY2024 budget was presented the FY2014-16 statewide death audit recoupment was on hold. This recoupment was required of MDHHS by the Centers for Medicare and Medicaid Services (CMS) and will be applied to payments received in March 2024 and July 2024 by all PIHPs and Medicaid Health Plans (MHPs) based upon identified individuals from FY2014 and FY2016.



Regional Board Action Request – Board Governance Policy Updates

Board Meeting Date: April 10, 2024

Action Requested: Annual Review CMHPSM Board Governance policies as included in the following attachments, withholding review of Financial Stability and Risk Reserve Policy

- {6a} Board Policy Manual (No changes from April/June 2023)
- {6b} CMHPSM Bylaws (No changes from April/June 2023)
- {6c} CEO Authority for Positional Control and Compensation (No changes from April/June 2023)
- {6d} CEO General Scope of Authority (No changes from April/June 2023)
- {6e} Conflict of Interest (No changes from April/June 2023)
- {6f} Investing (No changes from April/June 2023)
- {6g} Procurement (No changes from April/June 2023)

Hold for Review Until June 2024:

- {6h} Financial Stability Risk Reserve
- Move Employee Business Expense Reimbursement procedure to Governance Policy

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

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 6/14/2023	Date of Implementation 6/14/2023	

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 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

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:

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:</i> <i>Chief Executive Officer General Scope of Authority</i>	
CMHPSM Board Governance			
Original Board Approval 8/13/2014	Date of Board Approval 6/14/2023	Date of Implementation 6/14/2023	

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 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 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
4/12/2023	Application change, formatting, purpose/policy combine

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:

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		<i>Policy:</i> <i>Conflict of Interest</i>	
CMHPSM Board Governance			
Original Board Approval Date 12/09/2020	Date of Board Approval 6/14/2023	Date of Implementation 6/14/2023	

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.

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.

II. 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
4/12/2023	Combined policy/purpose, updated application table

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:

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		<i>Policy: Investing</i>
CMHPSM Board Governance		
Original Board Approval 5/15/2014	Date of Board Approval 6/14/2023	Date of Implementation 6/14/2023

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.

II. REVISION HISTORY

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

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:

IV. STANDARDS

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.

A. OBJECTIVES

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.

B. DELEGATION OF AUTHORITY TO MAKE INVESTMENTS

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.

C. LIST OF AUTHORIZED INVESTMENTS

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.

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.

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.

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.

VI. EXHIBITS

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

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

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		Policy: Procurement of Goods and Services	
CMHPSM Board Governance			
Original Board Approval 5/14/2014	Date of Approval 6/14/2023	Date of Implementation 6/14/2023	

I. POLICY / PURPOSE

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.

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

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:

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 \$10,000.00. FAR Subpart 2.1

P.O. – Purchase Order, purchase orders are used for purchases and contracts over \$10,000.00.

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 related 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 \$10,000.00 require a purchase order or contract.
 - e. Equipment or asset purchases over \$10,000.00 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 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.
 - 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.
 - 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.

G. Bid Waiver or Non-competitive Procurement

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

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 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.

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.

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.

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, 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 \$10,000.00 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 \$10,000.01-\$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

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 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.

(j)

(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;

(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.

(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.

(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);

- (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.**

(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.

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.

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.

(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.

(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.

(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.

9. [§ 200.326 Bonding requirements.](#)

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.

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
- 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

Community Mental Health Partnership of Southeast Michigan		Policy: <i>Financial Stability & Risk Reserve Management</i>	
CMHPSM Board Governance			
Original Board Approval 8/9/2017	Date of Board Approval 6/14/2023	Date of Implementation 6/14/2023	

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

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

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 consumers / individuals 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 consumers / individuals served promptly and without compromise to quality of care at a reasonable cost. Utilizing a person-centered individual plan of service, the CMHSPs shall provide, or authorize the provision of services in the amount, for the duration, and with a scope that is appropriate to reasonably achieve the medical necessity associated with each authorized service for the consumer individual served.

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

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

A. BUDGET PROCESS

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

Medicaid savings or ISF funds will be specifically identified within the budget brought to the CMHPSM Board for review and approval.

B. REPORTING

- The CMHPSM and CMHSPs must produce accurate reports of their fiscal year-to-date (FYTD) actual expenditures versus their annual budget in a traditional Revenue and Expense format, 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 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 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 / 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 to or less than the estimated or projected revenue.

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

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

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

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

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

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

VII. REFERENCES

1. Agreement Between Michigan Department of Health and Human Services And PIHP: CMH PARTNERSHIP OF SOUTHEAST MI for The Medicaid Managed Specialty Supports and Services Concurrent 1915(b)/(c) and 1115 Waiver Program(s), and the Healthy Michigan Program.
2. 2 CFR 200 - Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards
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

FY2024-26 CMHPSM Strategic Plan Metrics Report

The CMHPSM will report to the CMHPSM Board on a semi-annual basis on strategic plan metrics and milestones. Metrics will be set on an annual basis for each fiscal year covered by the strategic plan.

Strategic Plan Pillar A: Service Quality & Access

FY2024 Strategic Plan Goal Areas(s)	FY2024 Metric	Status Update Report #1 3/31/2024:
Regional Training Program	#A1: Increase the utilization of the CMHPSM training platform during FY2024.	In progress, in FY2023, 6,341 active users enrolled in 60,399 individual training courses in Learnworlds. We anticipate that we will meet or exceed those metrics for FY2024.
	#A2: Increase the number of trainings approved for reciprocity in FY2024.	In progress, PIHP staff have begun the process of reciprocity approval for training classes.
MMBPIS Access Indicator Compliance	#A3: Service access within the region will meet Michigan Mission Based Performance Indicator System (MMBPIS) standards in FY2024, specifically MMBPIS indicators #1,2 and 3. (Aligned with CEO performance goal.)	In progress, indicator outcomes for FY2023 were met (reference FY2023 QAPIP Evaluation) document, FY2024 status will not be available until FY2025. Indicator 1. 95% Goal Met, Adult: 99.38%, Child: 99.47 Indicator 2a. Baseline Year in 2023 Indicator 2b. Baseline Year in 2023 Indicator 3b. Baseline Year in 2023
SUD Strategic Plan Alignment	#A4: The CMHPSM will align resources to achieve service-related outcomes within the CMHPSM FY2024-26 Substance Use Services strategic plan during FY2024.	In progress, the Oversight Policy Board reviews the Substance Use Services strategic plan and reports to the CMHPSM Regional Board of Directors. The CMHPSM has sufficiently staffed and budgeted the Substance Use Services team to implement the strategic plan during FY2024. The Substance Use Services team continues to manage multiple funding streams and expand our service array. A four-part competitive procurement opportunity is currently in process to determine substance use service programming in FY2025 within our resource budgets across multiple funding streams.

Strategic Plan Pillar B: Strategic Communications

FY2024 Strategic Plan Goal Areas(s)	FY2024 Metric	Status Update Report #1 3/31/2024:
Community Mental Health Partnership of Southeast Michigan Re-Branding	#B1: Identify and register a new Doing Business As (DBA) organizational name, internet domains for the CMHPSM rebrand with regional stakeholder input during FY2024.	In progress, while investigating this opportunity we anticipate that we will have a proposal ready for the Board by the end of this fiscal year. We are continuing to assess all of the areas necessary to effectuate a doing-business-as re-branding for the CMHPSM.
	#B2: Develop marketing materials, logos, website themes and all other resources needed to rebrand the CMHPSM by the end of FY2024.	In progress, any and all such materials will be presented to regional stakeholders by the end of FY2024.
Mission, Vision, and Values Refresh	#B3: Refresh the mission, vision, and values for the Region 6 PIHP by the end of FY2024. Input will be obtained of consumers / individuals served, PIHP and CMHSP staff, Regional and Oversight Policy Board members and any other relevant stakeholders.	In progress, we anticipate utilizing a spring CMHPSM staff retreat to form some initial ideas related to the Mission, Vision and Values. We will be obtaining regional input from multiple levels of stakeholders: Regional and OPB Board Members, regional PIHP and CMHSP staff, consumers/individuals served and any other interested individuals.
Acknowledge Ten (10) Year Anniversary of the CMHPSM as PIHP in Region Six	#B4: Communicate the history and evolution of the organization over the past decade in preparation of a rebrand during FY2024.	In progress, we will plan on recognizing our first decade as an organization in any and all re-branding efforts.
	#B5: The CMHPSM's first contract with MDHHS began on January 1, 2014. Our first direct employee was hired on October 1, 2014. We will celebrate 10-year staff anniversaries for all applicable employees during FY2024.	In progress, we will begin planning ten-year staff anniversary activities or benefits prior to any employees reaching that mark. We may add a question to the employee engagement survey this summer to assist with developing awards or benefits related to this anniversary.

Strategic Plan Pillar C: Contractual Compliance

FY2024 Strategic Plan Goal Areas(s)	FY2024 Metric	Status Update Report #1 3/31/2024:
MDHHS Reporting Timeliness and Accuracy	#C1: 100% of contractually required finance and non-finance reports as designated in Schedule E of the MDHHS-PIHP contract will be submitted by applicable due dates during FY2024. (Aligned with CEO performance goal)	In progress, the CMHPSM submitted 100% of all contractually required reports and ad hoc reports within the timeframes determined by MDHHS. The CMHPSM utilizes Microsoft Planner to assist in assigning, coordinating, and monitoring submission of such reporting requirements. During the past year, 123 reports were submitted by MDHHS required deadlines.
MDHHS Audit Scores	#C2: The PIHP will maintain compliance in all MDHHS audits during FY2024. The PIHP region is audited directly by MDHHS on multiple programs and must maintain performance either through initial reviews or corrective action completion. Audits include: Health Services Advisory Group (HSAG) external quality reviews, Waiver/1915i review, and multiple substance use service reviews.	In progress, our region has participated in multiple audits and corrective action plans with MDHHS. This measure has been complicated by the utilization of a new CRM software tool by MDHHS with our region as a pilot. We are still in progress with our waiver review and MDHHS recently indicated that we would no longer be entering information in the CRM software tool related to this audit.
Performance Bonus and Contract Withhold	#C3: The PIHP region will earn 100% of PIHP only performance incentive bonus pool (PBIP) payments available during FY2024 and 85-100% of PIHP / Medicaid Health Plan joint performance bonus incentive payments (PBIP) available during FY2024. (Aligned with CEO performance goal)	In progress, this measure was not met for FY2023 PBIP awarded in March 2024, the CMHPSM earned 100% of PIHP only but only 82% of PIHP / MHP joint performance bonus funding missing the 85% target. FY2024 PBIP award information will not be available until March 2025.

Strategic Plan Pillar D: Financial Stability

FY2024 Strategic Plan Goal Areas(s)	FY2024 Metric	Status Update Report #1 3/31/2024:
Budget to Actual Accuracy (Revenue, PIHP Expense)	#D1: Project regional revenue within 3% of the actual FY2024 year-end revenue.	In progress, we are bringing a revised revenue projection with the revised budget to the April meeting. The eligible population decrease related to the COVID-19 continuous enrollment policy termination outpaced MDHHS and CMHPSM projections, so a capitation rate change is being effectuated beginning with April 2024 capitation payment rates.
	#D2: Maintain PIHP administrative expenses under FY2024 budget.	In progress, we are currently under our FY2024 administrative budget at the CMHPSM as of 3/31/2024, mostly due to open positions.
Regional ISF Stability	#D3: Maintain a fully funded internal service fund throughout FY2024.	In progress, we are anticipating that we will be able to maintain a fully funded ISF throughout FY2024 as of current projections. We will continue to advocate for revenue that meets or exceeds expenses as we move towards FY2025.
FY2018-19 Deficit Repayment	#D4: Resolve the FY2018 and FY2019 deficit issue by 12/31/2023. (Aligned with CEO performance goal)	Deadline of 12/31/2023 not met, but we are still in progress on operationalizing a plan for FY2018 and FY2019 deficit repayment. The CMHSPs have been reimbursed for PIHP share of the deficit corridor, repayment of state share is dependent on MDHHS contract closeout processes. We hope that we will be able to effectuate this during FY2024 and have made considerable progress.
Financial Software Implementation	#D5: Install and integrate new regional financial software with regional electronic health record during FY2024.	In progress, as of this report Monroe and the CMHPSM are fully installed, Lenawee is in progress and Livingston and Washtenaw are to be scheduled.

<p>Summary Current Report: #1 3/31/2024</p>
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Summary: The following table indicates whether the current metric for the reporting period was either completed and metric was (Fully Met, Partially Met, or Not Met) or the metric is still in process. Each overall strategic plan goal has one or more metrics assigned to it for each fiscal year covered in the strategic plan.

Summary

FY2024 Metric	Metrics Report #1: 3/31/2024	Metrics Report #2: 9/30/2024
#A1	In Progress	
#A2	In Progress	
#A3	In Progress	
#A4	In Progress	
#B1	In Progress	
#B2	In Progress	
#B3	In Progress	
#B4	In Progress	
#B5	In Progress	
#C1	In Progress	
#C2	In Progress	
#C3	In Progress	
#D1	In Progress	
#D2	In Progress	
#D3	In Progress	
#D4	Original Timeline Not Met, But Still In Progress.	
#D5	In Progress	

Oversight Policy Board Minutes

February 22, 2024

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

Members Present: Mark Cochran, Jamie Dean, Susan Longworth, Dave Oblak, Dave O'Dell, David Stimpson, Ralph Tillotson, Monique Uzelac, Tom Waldecker

Members Absent: Amy Fullerton, Annette Gontarski, Ricky Jefferson, Molly Welch Marahar, Frank Sample

Guests: None

Staff Present: Stephannie Weary, James Colaianne, Nicole Adelman, Matt Berg, Danielle Brunk, Alyssa Tumolo, James Luckey, Michelle Sucharski

Board Chair S. Longworth called the meeting to order at 9:31 a.m.

1. Introductions
2. Approval of the Agenda
Motion by R. Tillotson, supported by M. Cochran, to approve the agenda
Motion carried
3. Approval of the December 14, 2023 Oversight Policy Board minutes
Motion by T. Waldecker, supported by D. O'Dell, to approve the December 14, 2023 OPB minutes
Motion carried
4. Audience Participation
 - a. None
5. Old Business
 - a. Finance Report
 - M. Berg presented. Discussion followed.
 - HMP enrollment rate is dropping.
 - b. FY24 Funding Update
 - The Regional Board approved 5 new programs at their meeting last week.
 - The PIHP is providing 7 trainings on trauma, with 40 people at each training, on average
 - The COVID Block Grant ends on 3/14. OPB approved continuing programs through the year with PA2 funds, but MDHHS approved ARPA funds. All related programs were able to continue through the fiscal year.
6. New Business
 - a. Updated Policies
 1. Communicable Disease
 2. Media Campaigns
Motion by M. Cochran, supported by M. Uzelac, to approve both policies
Motion carried
 - b. PA2 Mini Grant Request

- ProMedica Monroe Regional Outpatient Behavioral Health is requesting retroactive funds for a wellness event that has already happened.
- Both J. Dean and D. O'Dell both attended the event and thought it was a good event.

Motion carried

Motion by M. Cochran, supported by M. Dean, to approve, the mini grant as requested by ProMedica Monroe Regional Outpatient Behavioral Health

Motion carried

Roll Call Vote

Yes: Cochran, Dean, Longsworth, Oblak, O'Dell, Stimpson, Tillotson, Uzelac, Waldecker

No:

Absent: Fullerton, Gontarski, Jefferson, Welch Marahar, Sample

c. FY25 RFP Update and Timeline

- The final RFP timeline is still in development. The RFP will be released on April 1. Four RFPs will be released: three for Prevention (Evidence Based Programs; Coalitions; Designated Youth Tobacco Representative), one for Strategic Initiatives (for all other funding related to services and the strategic plan that don't fit into the Prevention RFPs).
- The RFP will be due in May, then brought to OPB in June for PA2 approval. The next step will be Regional Board preliminary approval in August, and final approval with the CMHPSM budget approval at the Regional Board meeting in September.
- The RFPs will be posted on the PIHP web site and on MITN and will be sent to provider lists widely.
- RFP does require measurable outcomes.
- Tentative training date for scorers: mid – April.
- Volunteer scorers:
 - M. Cochran
 - Dave Oblak volunteered and noted that training is very important for this process.
 - S. Longsworth
 - D. O'Dell
 - M. Uzelac
 - J. Dean, depending on the date of the training.
- OPB would also like to know how RFP applicants have performed in the past as part of the review process, was the entire amount that was granted in previous fiscal years spent, what the outcomes were, etc.

d. It Is Possible Media Campaign

- D. Brunk presented.
- Supplies can be ordered online.
- N. Adelman will provide links to OPB in a follow up email.

7. Report from Regional Board

- The Regional Board met in December and February.
- 5 Substance Use contracts were approved in February.

8. SUD Director Updates

a. CEO Update

- J. Colaianne's written report includes updates from staff, regional and state levels. Please see the report in the board packet for details.

b. Opioid Settlement Funds

- N. Adelman is newly appointed to the Washtenaw steering committee for the opioid settlement funds by the Washtenaw County Board of Commissioners. The Washtenaw County Health Department is taking the lead.
- Monroe County has been active with the settlement funds.
- c. Recovery Friendly Workplace
 - CMHPSM is looking into becoming a recovery friendly workplace.
- d. Recovery Incentives Pilot
 - The state issued a non-competitive RFA, non-competitive for evidence-based programs, contingency management, for treatment. Six providers in the region have opted in (Home of New Vision, Livingston County Catholic Charities, , McCullough Vargas, Key Development and Salvation Army Harbor Light). The funding would start in FY25.
- e. HB 5178 (Syringe Service Programs); HB 5179 (Fentanyl Test Strips); HB 5077 and HB 5078 (Naloxone Distribution)
 - The Statewide SUD directors group decided as a group to support these bills.
 - Fentanyl test strips are currently considered drug paraphernalia. The naloxone bill would provide protection for people who administer it.

Motion by D. Stimpson, supported by M. Cochran, to sign the card supporting House Bills 5178, 5179, 5077, and 5078, and to ensure that each representative for each of the districts receives the card

Motion carried

9. Adjournment (**Board Action**)

Motion by D. Stimpson, supported by D. O'Dell, to adjourn the meeting
Motion carried

- The meeting was adjourned at 10:46 a.m.

***Next meeting: Thursday, April 25, 2024**

Location 3005 Boardwalk, Suite 200; Patrick Barrie Room



CEO Report

Community Mental Health Partnership of Southeast Michigan

Submitted to the CMHPSM Board of Directors
April 3, 2024 for April 10, 2024 Meeting

CMHPSM Update

- Since our last Board meeting the CMHPSM held an all-staff meeting on March 11, 2024 and we're scheduled to meet on April 8, 2024.
- We are looking in to scheduling an employee retreat this spring focused on staff input on the mission, vision and values, and potential re-branding of the CMHPSM.
- The CMHPSM leadership team continues to meet on a weekly basis on Tuesday mornings. We have expanded the first meeting of each month to include the three additional staff that supervise staff at the CMHPSM. These leadership/manager meetings will allow the CMHPSM to ensure standardization of human resource efforts related to the supervision of CMHPSM staff. We have met as an expanded group on March 5 and April 2, 2024.

CMHPSM Staffing Update

- The CMHPSM currently has four open positions, two of which are posted (Financial Accountant & Analyst and SUD Care Navigator) and the other two positions (Compliance and Quality Manager and a Regional Project Assistant) are under job description review and will be posted later this month.
- 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 statewide CEO meetings are being held remotely on a monthly basis. Since our last Regional Board meeting, the PIHP CEOs met on March 5, 2024 and April 2, 2024.
- The PIHP CEOs met with MDHHS behavioral health leadership staff on Thursday March 7, 2024 and are scheduled to meet on April 4, 2024. I provide a summary of those meetings to our regional directors at our Regional Operations Committee meetings.
- The MDHHS rate setting meeting occurred on March 21, 2024 and we have utilized all available rate information to update the FY2024 revenue projection for the FY2024 budget revision to be proposed at the April board meeting.
- The CMHPSM Regional Operations Committee members will be developing a strategy/response to the Conflict Free Access & Planning presentation that was presented to the PIHPs on Friday March 22, 2024 and to the CMHSPs on Monday April 1, 2024. The presentation has been attached to the CEO report for the Board's information and will be initially discussed at the April meeting.

Legislative Updates

- We are still hearing that there is potential legislation to alter the open meetings act which would increase flexibility for PIHP and CMHSP board meetings by allowing audio/video attendance as permissible for voting and participation, and attendance towards the quorum. We may potentially need to revisit our CMHPSM Bylaws and Oversight Policy Board Bylaws in the near future if this legislation moves forward and the Open Meetings Act is amended.

Future Updates

- We are planning to cover the following items at our upcoming CMHPSM Regional Board of Directors meetings:
 - June 2024
 - New Expense Reimbursement Policy
 - Financial Stability and Risk Reserve Management Policy
 - Board Member Conflict of Interest Renewal

Attachment #9 – April 2024

August 2024

- FY2025 Budget Preview

September 2024

- FY2025 Budget Review

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "James Colaianne".

James Colaianne, MPA



Conflict-Free Access and Planning Implementation

April 1, 2024



Meeting Objectives

2

- Ensure aligned understanding of federal rules around conflict-free access and planning and how they apply to Michigan's Medicaid delivery system
- Clarify question on MDHHS' updated conflict-free access and planning requirements
- Discuss timeline for implementation of conflict-free requirements



- **Overview of Federal Conflict-Free Access & Planning Requirements**
- **Deep Dive: Michigan's Conflict-Free Access and Planning Approach**
 - ◆ **Permissible Scenarios**
- **Implications for Providers and Next Steps**



Overview of Federal Conflict-Free Access & Planning Requirements



Federal regulations require service planning for Medicaid beneficiaries obtaining HCBS to be “conflict-free”:

Federal Conflict-Free Rules

- Generally, service planning¹ activities for HCBS, including the development of the Independent Plan of Service (IPOS), assessment and coordination of services, must be independent from the delivery of HCBS services.²
- Conflict-free rules apply to all entities conducting HCBS service planning, regardless if they are public or private.³
- States can seek CMS approval to grant an “only willing and qualified provider” exception when the only willing and qualified provider for service planning in a geographic area also provides HCBS.

Rationale

- The Intent of conflict-free rules is to promote consumer choice and independence by limiting any conscious or unconscious bias by a care manager/supports coordinator when assisting a beneficiary in identifying HCBS needs and developing plans to access services (e.g., preventing a care manager/supports coordinator from steering beneficiary to the provider organization where the care manager/supports coordinator is employed).

1. The term service planning refers to conducting the HCBS needs assessment, developing the Individual Plan of Service (IPOS), and providing ongoing case management.
2. Conflict-free regulations can be found at 42 CFR 441.301(c)(1)(vi) and 42 CFR 441.730(b).
3. 42 CFR 441.730(b)



Implications for Michigan’s Behavioral Health System

Following stakeholder feedback provided through the Conflict-Free Access & Planning (CFA&P) Workgroup, MDHHS has worked to strengthen conflict-free requirements to help ensure that beneficiaries are informed about their service and provider options.



- **In Michigan’s behavioral health system, conflict-free rules apply to HCBS authorized by the following Waivers and State Plan Amendment (SPA):**
 - 1915(c) Children’s Waiver Program
 - 1915(c) Children with Serious Emotional Disturbances Waiver
 - 1915(c) Habilitation Supports Waiver
 - 1915(i) SPA

Implications for Michigan Providers

Conflict-free rules generally mean a Community Mental Health Services Program (CMHSP) or CMHSP-contracted provider cannot conduct both HCBS service planning and service delivery for the same individual, with some exceptions that will be discussed later in this meeting.



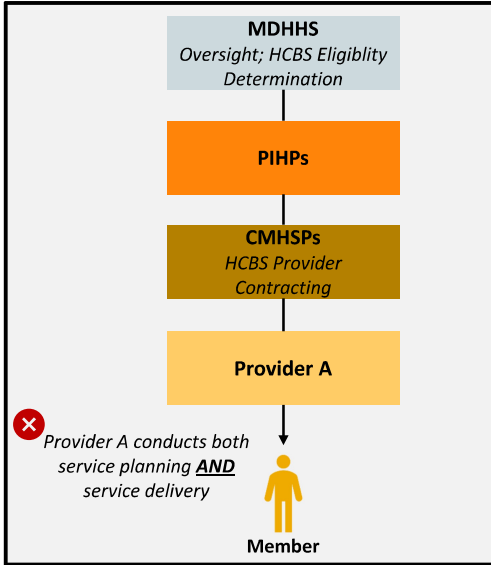
MDHHS' approach to its conflict-free access and planning approach was guided by (1) by the foundational assumptions identified by MDHHS, (2) input and values from the stakeholders convened through the CFA&P Workgroup, (3) PIHP interviews and surveys conducted by Manatt, and (4) MDHHS' analysis of data on HCBS services.

<p>MDHHS Foundational Assumptions</p> 	<ol style="list-style-type: none"> 1. Structural mitigation is required: Conflicted functions will be separated. 2. State-wide approaches reduce disparity: It is ideal to implement a state-wide approach, wherever possible. 3. Exceptions must be carefully considered: MDHHS must define and consider exceptions to the state-wide structural mitigation approach for regions with a single willing and qualified provider. 4. Systems use existing structures: The existing PIHPs and CMHSPs will be responsible for implementing CFA&P requirements.
<p>CFA&P Workgroup Values</p> 	<ol style="list-style-type: none"> 1. Strengthen Protections: Ensure Michigan's public behavioral health system adequately protects beneficiary choice by complying with federal conflict-of-interest requirements. 2. Prioritize the Person's Experience: Ensure Michigan's public behavioral health system prioritizes the experiences of beneficiaries and their families. 3. Maintain Viability: Ensure Michigan's public behavioral health system is viable and robust to adequately serve beneficiaries

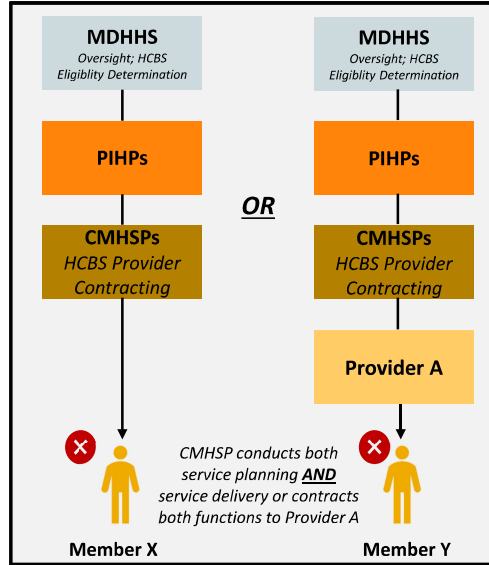
Deep Dive: Michigan's Conflict-Free Access and Planning Approach

Regions vary in how they deliver service planning and delivery. Michigan’s current landscapes include three potential contracting scenarios for CMHSPs, each of which pose a risk for conflicted access and planning. MDHHS acknowledges that in scenarios 1 and 2, members may or may not be obtaining service planning and service delivery from the same provider.

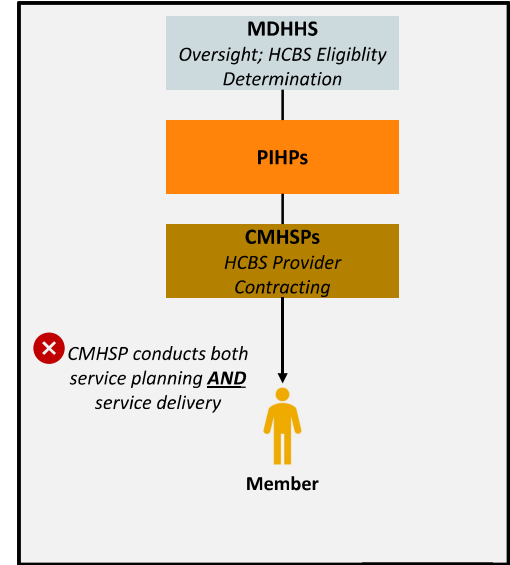
1. CMHSP Contracts Out All HCBS Service Planning & Service Delivery



2. CMHSP Both Directly Delivers and Contracts Out HCBS Service Planning & Service Delivery



3. CMHSP Is Only Entity Conducting HCBS Service Planning & Service Delivery



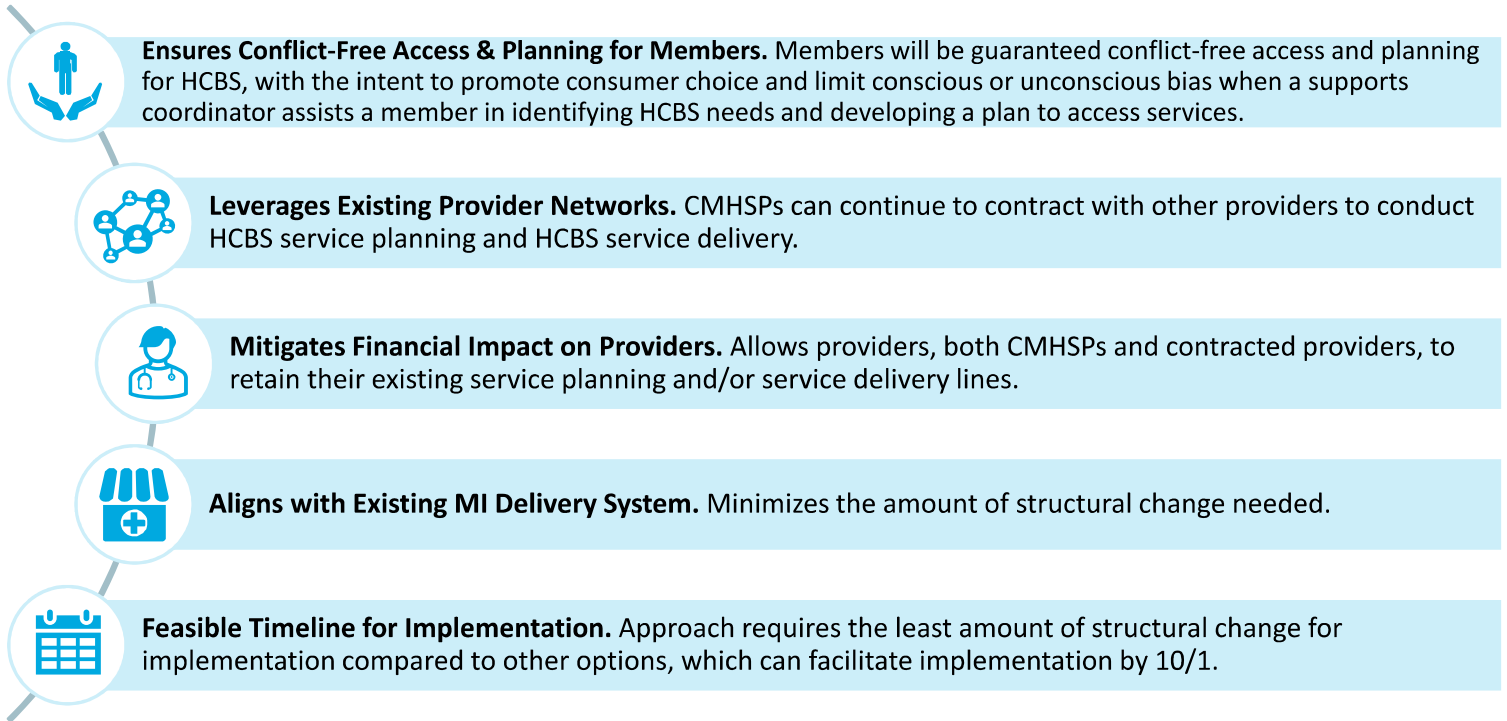
Michigan’s Conflict-Free Access & Planning Requirements

To address the potential scenarios for conflicted access & planning, MDHHS will implement the following new requirements:

Conflict-Free Access & Planning Approach

- Providers—including CMHSPs—can conduct both HCBS service planning and service delivery functions but must not conduct both functions for the same member.
- Michigan will request approval from CMS to grant an “only willing and qualified provider” exception where there is no independent provider available to conduct HCBS service planning.

! The term service planning refers to conducting the HCBS needs assessment, developing the Individual Plan of Service (IPOS), and providing ongoing case management.



Permissible Scenarios

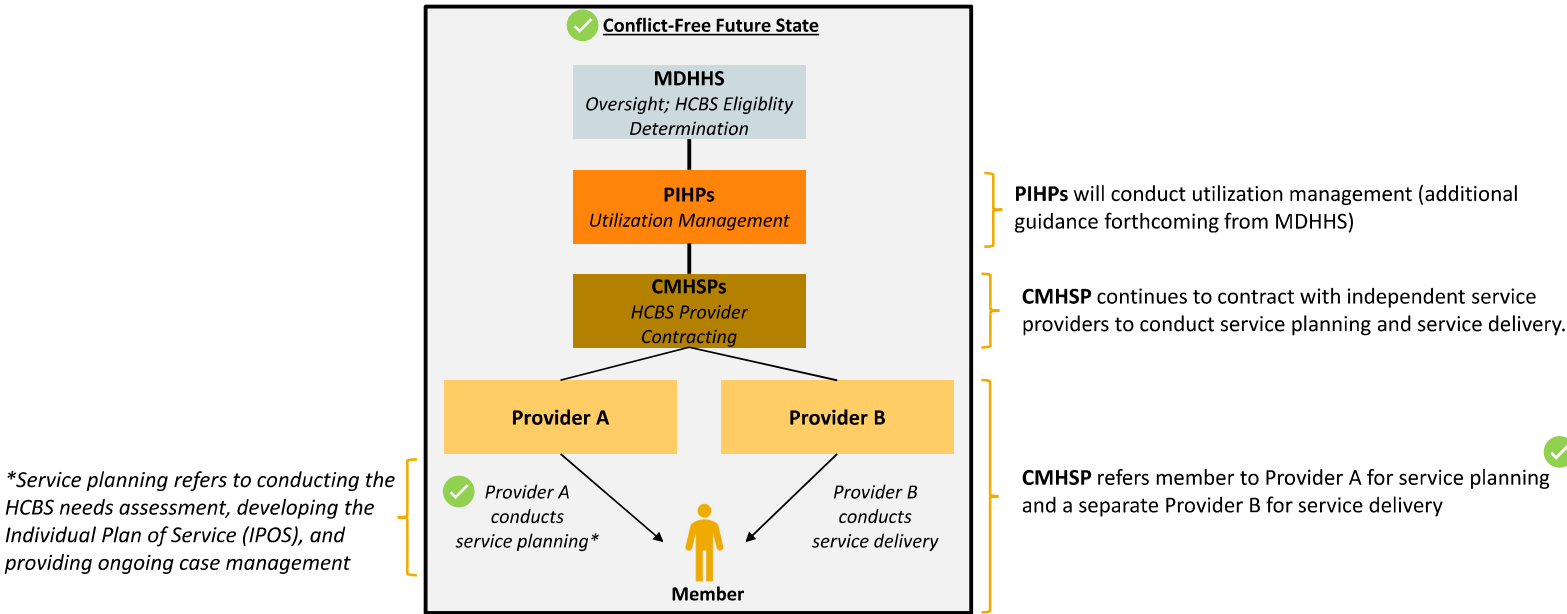
CMHSPs currently vary in whether they directly provide or contract out HCBS service planning and service delivery, resulting in three potential contracting scenarios. Providers in any scenario may be granted the “only willing and qualified provider” exception if they provide HCBS and are also the only provider that can conduct service planning (e.g., lack of provider availability in rural regions).

Existing Scenario	Scenario Applies to:
1. CMHSP Contracts Out All HCBS Service Planning & Service Delivery	13 CMHSPs
2. CMHSP Both Directly Delivers and Contracts Out HCBS Service Planning & Service Delivery	32 CMHSPs
3. CMHSP Is Only Entity Conducting HCBS Service Planning & Service Delivery	1 CMHSP

CMHSPs may continue their existing HCBS contracting approach as long as they comply with conflict-free requirements where separate providers conduct service planning and service delivery functions for a member. Slides 14 – 16 depict the permissible scenarios that comply with the conflict-free approach.

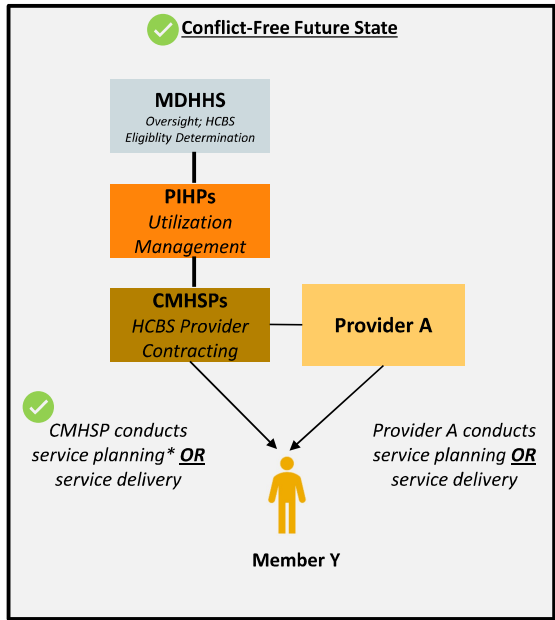
Scenario 1: CMHSP Contracts Out All HCBS Service Planning & Service Delivery

Scenario 1: The CMHSP does not conduct service planning nor service delivery, but rather contracts out both functions to providers. The CMHSP must ensure that a member is referred to Provider A for service planning and a separate Provider B for service delivery.



Scenario 2: CMHSP Both Directly Delivers and Contracts Out HCBS Service Planning & Service Delivery

Scenario 2: The CMHSP directly offers both service planning and service delivery and also contracts with providers for these functions. The CMHSP may continue to provide service planning OR service delivery to a single member but must ensure a member is referred to a separate Provider A to conduct the remaining function.



*Service planning refers to conducting the HCBS needs assessment, developing the Individual Plan of Service (IPOS), and providing ongoing case management

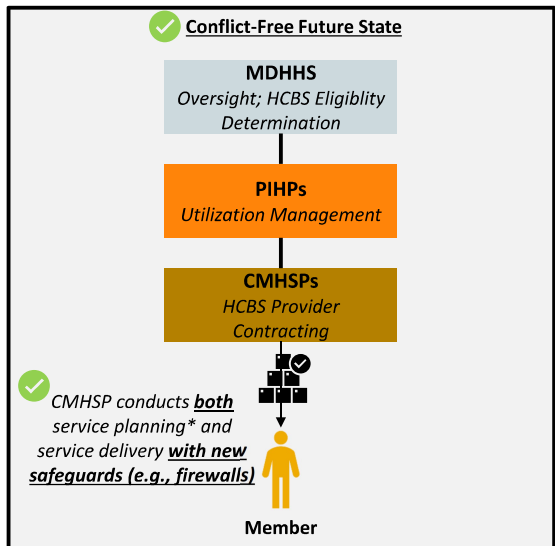
PIHPs will conduct utilization management (additional guidance forthcoming from MDHHS)

CMHSPs continue to contract with independent service providers to conduct service planning and service delivery

A member may obtain service planning OR service delivery through their CMHSP but must be referred to a separate Provider A for the remaining function.

Scenario 3: CMHSP Is Only Entity Conducting HCBS Service Planning & Service Delivery

Scenario 3: The CMHSP conducts service delivery and must demonstrate it is the “only willing and qualified” provider available to conduct service planning for a member (e.g., rural provider). With an “only willing and qualified” provider exception, the CMHSP may continue to conduct both service planning AND service delivery to the same member but must implement new policies/procedures to mitigate conflicts that will be developed by MDHHS and approved by CMS.



*Service planning refers to conducting the HCBS needs assessment, developing the Individual Plan of Service (IPOS), and providing ongoing case management

PIHPs will conduct utilization management (additional guidance forthcoming from MDHHS)

CMHSP continues to directly conduct service planning and service delivery for the same member, but must implement new policies/procedures to mitigate conflicts (e.g., firewalls)

Note: Providers (CMHSPs and contracted providers) in scenario 1 and 2 may also be determined to be an “only willing and qualified provider”.

CMS has acknowledged that there may be scenarios in which a provider that delivers HCBS service is the “only willing and qualified provider” available in a geographic area to conduct service planning (e.g., due to rural geography). To address these scenarios, states can seek CMS approval to grant an “only willing and qualified provider” exception.

- MDHHS will request approval from CMS to grant “only willing and qualified provider” exceptions where appropriate.
- To obtain the exception from CMS, MDHHS is federally required to:
 1. Develop criteria to demonstrate how and why a provider/entity is an “only willing and qualified provider” and
 2. Establish safeguards to ensure providers granted an exception conduct service planning in the member’s best interest.
- Providers that are granted an exception by MDHHS may continue to conduct both service planning *and* service delivery to the same member but must implement new policies/procedures to mitigate conflicts. Based on CMS guidance, MDHHS will develop statewide policies that providers granted the exception must follow.

- MDHHS is currently developing criteria providers must meet to be granted an exception for approval by CMS.
- MDHHS will require providers to apply for an exception and will develop a template application.

Source: *CMS 1915(c) Waiver HCBS Instructions, Technical Guide and Review Criteria*



MDHHS and PIHP Role

Across all scenarios reflecting the conflict-free access & planning approach, MDHHS and PIHPs will have the following roles:

- MDHHS**
 - MDHHS will establish new monitoring/oversight processes to ensure conflict-free requirements are met on an ongoing basis.
 - MDHHS will continue to conduct oversight and determine eligibility for HCBS.
 - MDHHS will review applications from providers requesting an "only willing and qualified provider" exception and grant exceptions, as appropriate.*
- PIHPs**
 - PIHPs will conduct utilization management for services and cannot delegate this function to a CMHSP, as will be required in the FY 25 PIHP contract. MDHHS will provide future guidance on specific utilization management functions that PIHPs will be required to conduct.
 - PIHPs will submit an implementation plan describing how they will meet conflict-free requirements

*Subject to CMS approval



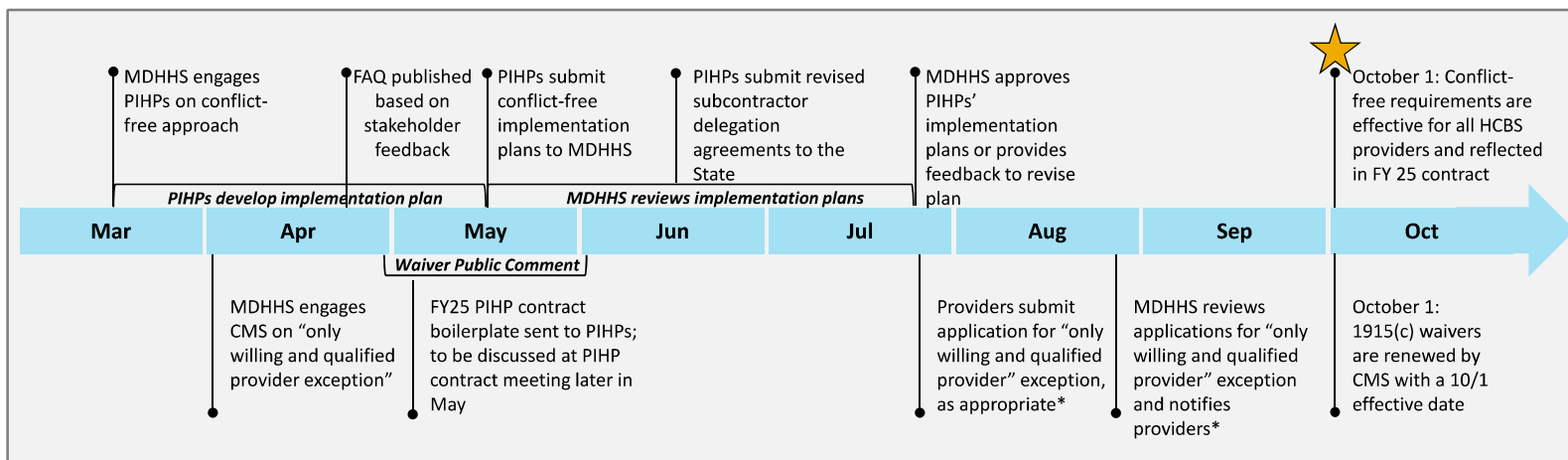
Next Steps for Implementation



Next Steps for Implementation

20

New conflict-free requirements will go-live on October 1, 2024, aligning with the effective dates of FY 25 PIHP contract and 1915(c) waiver. MDHHS will require each PIHP to submit a Conflict-Free Access & Planning Implementation Plan describing how the PIHP will comply with new conflict-free requirements on the following timeline. MDHHS will provide a template implementation plan for PIHPs to complete in mid-April.



*Subject to CMS approval





manatt

Appendix

1915(c) - 42 CFR 441.301(c)(1)(vi) Providers of HCBS for the individual, or those who have an interest in or are employed by a provider of HCBS for the individual must not provide case management or develop the person-centered service plan, except when the State demonstrates that the only willing and qualified entity to provide case management and/or develop person centered service plans in a geographic area also provides HCBS. In these cases, the State must devise conflict of interest protections including separation of entity and provider functions within provider entities, which must be approved by CMS. Individuals must be provided with a clear and accessible alternative dispute resolution process.

1915(i) 42 CFR 441.730

(b) Conflict of interest standards. The State must define conflict of interest standards that ensure the independence of individual and agency agents who conduct (whether as a service or an administrative activity) the independent evaluation of eligibility for State plan HCBS, who are responsible for the independent assessment of need for HCBS, or who are responsible for the development of the service plan. The conflict of interest standards apply to all individuals and entities, public or private. At a minimum, these agents must not be any of the following:

(1) Related by blood or marriage to the individual, or to any paid caregiver of the individual.

(2) Financially responsible for the individual.

(3) Empowered to make financial or health-related decisions on behalf of the individual.

(4) Holding financial interest, as defined in § 411.354 of this chapter, in any entity that is paid to provide care for the individual.

(5) Providers of State plan HCBS for the individual, or those who have an interest in or are employed by a provider of State plan HCBS for the individual, except when the State demonstrates that the only willing and qualified agent to perform independent assessments and develop person-centered service plans in a geographic area also provides HCBS, and the State devises conflict of interest protections including separation of agent and provider functions within provider entities, which are described in the State plan for medical assistance and approved by the Secretary, and individuals are provided with a clear and accessible alternative dispute resolution process.

1915(c) and 1915(i) 42 CFR 431.10 requires that the State Medicaid Agency (SMA) be responsible for eligibility determinations, and eligibility determination can only be delegated to another governmental agency with SMA oversight. (Referenced in the 1915(c) Waiver Application, Appendix A: Waiver Administration and Operation)



Federal Requirements for “Only Qualified and Willing Provider” Exception

States that are granted an only willing provider exemption must develop and implement conflict of interest (COI) protections to ensure that in situations where there may be potential COI, individuals are offered a variety of protections:

- Full disclosure to participants and assurance that participants are supported in exercising their right to free choice of providers and are provided information about the full range of waiver services, not just the services furnished by the entity that is responsible for the person-centered service plan development;
- An opportunity for the participant to dispute the state’s assertion that there is not another entity or individual that is not that individual’s provider to develop the person-centered service plan through a clear and accessible alternative dispute resolution process;
- Direct oversight of the process or periodic evaluation by a state agency;
- Restricting the entity that develops the person-centered service plan from providing services without the direct approval of the state; and
- Requiring the agency that develops the person-centered service plan to administratively separate the plan development function from the direct service provider functions.

