

AGENDA

BAY ARENAC BEHAVIORAL HEALTH

BOARD OF DIRECTORS

FINANCE COMMITTEE MEETING

Wednesday, January 8, 2025 at 5:00 pm

Room 225, Behavioral Health Center, 201 Mulholland Street, Bay City, MI 48708

Committee Members:	Present	Excused	Absent		Present	Excused	Absent	
Tim Banaszak, Ch	_____	_____	_____	Pam Schumacher	_____	_____	_____	Others Present: BABH: Marci Rozek, Chris Pinter, and Sara McRae Legend: M-Motion; S-Support; MA-Motion Adopted; AB-Abstained
Sally Mrozinski, V Ch	_____	_____	_____	Pat McFarland, Ex Off	_____	_____	_____	
Jerome Crete	_____	_____	_____	Robert Pawlak, Ex Off	_____	_____	_____	
Christopher Girard	_____	_____	_____	Richard Byrne, Ex Off	_____	_____	_____	
Kathy Niemiec	_____	_____	_____					

	Agenda Item	Discussion	Motion/Action
1.	Call To Order & Roll Call		
2.	Public Input (Maximum of 3 Minutes)		
3.	Unfinished Business 3.1) None		
4.	New Business 4.1) Investment earnings reports for period ending December 31, 2024 4.2) Finance January 2025 contract list 4.3) Certified Community Behavioral Health Clinic (CCBHC) Update		4.1) Consideration of motion to refer the investment earnings reports for period ending December 31, 2024 to the full Board for information 4.2) Consideration of motion to refer the Finance January 2025 contract list to the full Board for approval 4.3) No action necessary

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	4.4) Midstate Health Network Conflict of Interest Procedures		4.4) No action necessary
	4.5) North Bay Heat Exchangers Update		4.5) No action necessary
5.	Adjournment	M -	S - pm MA

Bay-Arenac Behavioral Health Authority
Estimated Cash and Investment Balances December 31, 2024

Balance December 1, 2024	9,065,837.45
Balance December 31, 2024	8,251,674.27
Average Daily Balance	7,441,043.71
Estimated Actual/Accrued Interest December 2024	21,800.01
Effective Rate of Interest Earning December 2024	3.52%
Estimated Actual/Accrued Interest Fiscal Year to Date	56,022.37
Effective Rate of Interest Earning Fiscal Year to Date	3.63%

Note: The Cash and Investment Balances exclude Payroll and AP related Cash Accounts.

Cash Available - Operating Fund

	Rate	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
Beg. Balance Operating Funds - Cash, Cash equivalents, Investments		7,456,274	7,733,635	3,167,316	6,109,840	6,146,590	5,488,296	1,050,935	4,168,174	6,681,815	5,888,358	5,308,678	8,600,946
Cash in		11,480,507	4,835,627	19,658,739	13,131,069	13,733,115	3,521,802	21,031,319	18,649,095	11,484,363	12,579,941	20,255,107	13,201,840
Cash out		(11,203,146)	(9,401,946)	(16,716,214)	(13,094,320)	(14,391,408)	(7,959,163)	(17,914,080)	(16,135,454)	(12,277,820)	(13,159,621)	(16,962,838)	(14,017,688)
Ending Balance Operating Fund		7,733,635	3,167,316	6,109,840	6,146,590	5,488,296	1,050,935	4,168,174	6,681,815	5,888,358	5,308,678	8,600,946	7,785,099
Investments													
Money Markets		7,733,635	3,167,316	6,109,840	6,146,590	5,488,296	1,050,935	4,168,174	6,681,815	5,888,358	5,308,678	8,600,946	7,785,099
	90.00												
	180.00												
	180.00												
	270.00												
	270.00												
Total Operating Cash, Cash equivalents, Invested		7,733,635	3,167,316	6,109,840	6,146,590	5,488,296	1,050,935	4,168,174	6,681,815	5,888,358	5,308,678	8,600,946	7,785,099
Average Rate of Return General Funds		4.04%	4.05%	4.08%	4.08%	4.08%	4.08%	4.08%	4.08%	4.05%	3.70%	3.61%	3.57%
		4.11%	4.10%	4.24%	4.08%	4.05%	4.08%	4.05%	4.08%	3.72%	3.70%	3.52%	3.48%
Average		6,756,419	6,038,598	6,050,472	6,064,203	5,992,215	5,443,183	5,315,682	5,439,876	5,477,250	5,308,678	6,954,812	7,231,574

Cash Available - Other Restricted Funds

	Rate	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
Beg. Balance-Other Restricted Funds - Cash, Cash equivalents, Investments		444,508	446,396	448,169	450,072	451,922	453,841	455,706	457,642	459,585	461,413	463,216	464,891
Cash in		1,888	1,773	1,903	1,850	1,919	1,865	1,935	1,943	1,828	1,803	1,675	1,684
Cash out													
Ending Balance Other Restricted Funds		446,396	448,169	450,072	451,922	453,841	455,706	457,642	459,585	461,413	463,216	464,891	466,575
Investments													
Money Market		446,396	448,169	450,072	451,922	453,841	455,706	457,642	459,585	461,413	463,216	464,891	466,575
	91.00												
	0.70%												
	91.00												
	1.10%												
	91.00												
	1.15%												
	91.00												
	1.35%												
	90.00												
	1.70%												
	91.00												
	2.05%												
	90.00												
	2.15%	-	-	-	-	-	-	-	-	-	-	-	-
	365.00												
	80.00%												
Total Other Restricted Funds		446,396	448,169	450,072	451,922	453,841	455,706	457,642	459,585	461,413	463,216	464,891	466,575
Average Rate of Return Other Restricted Funds		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	4.99%	4.84%	4.84%	4.84%
		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	4.84%	4.84%	4.84%	4.84%
Average		443,587	444,504	445,432	446,359	447,294	448,229	449,170	450,117	451,058	463,216	464,054	464,894
Total - Bal excludes payroll related cash accounts		8,180,031	3,615,485	6,559,912	6,598,512	5,942,137	1,506,641	4,625,816	7,141,400	6,349,771	5,771,894	9,065,837	8,251,674
Total Average Rate of Return		4.21%	4.17%	4.20%	4.19%	4.19%	4.18%	4.19%	4.19%	4.17%	3.84%	3.71%	3.63%

**Bay-Arenac Behavioral Health
Finance Council Board Meeting
Summary of Proposed Contracts
January 8, 2025**

		Old Rate	New Rate	Term	Out Clause?	Performance Issues? (Y/N) Risk Assessment Rating (Poor/Fair/Good/Excellent)
SECTION I. SERVICES PROVIDED BY OUTSIDE AGENCIES						
Clinical Services						
1	ES	New Dimensions, Inc. 3 month contract extension	Cost settled contract	Cost settled contract	1/1/25 - 3/31/25	Y N
2	S	Superior Care of Michigan Residential services to 1 BABHA consumer	\$276.60/day	Same	1/25/25 - 1/24/26	Y N
3*	M	Flatrock Manor - Burton East A second BABHA individual is being placed at this location	\$542.39/day	Same	1/8/25 - 9/30/25	Y N
SECTION II. SERVICES PROVIDED BY THE BOARD (REVENUE CONTRACTS)						
4	R	McLaren Bay Region Pre-Admission Screening Services - 5% increase for FY25 & FY26	\$534.75/screen	FY25 Rate: \$561/screen FY26 Rate: \$590/screen	10/1/24 - 9/30/26	Y N
SECTION III. STATE OF MICHIGAN GRANT CONTRACTS						
SECTION IV. MISC PURCHASES REQUIRING BOARD APPROVAL						
5	T	United Way of Bay County Termination of the Lease for Wirt	\$2,125/month	\$0	Terminated eff. 6/30/25	Y N
6	N	Talk Today Booth for Mental Health Awareness Night at the Saginaw Spirit hockey game	\$50	\$50	2/22/25	N/A N/A
7	R	MMRMA Excess crime coverage - annual premium renewal	\$9,340	\$9,714	1/19/25 - 1/19/26	Y N/A

R = Renewal with rate increase since previous contract
D = Renewal with rate decrease since previous contract
S = Renewal with same rate as previous contract
ES = Extension

M = Modification
N = New Contract/Provider
NC = New Consumer
T = Termination

Footnotes:

3* HCBS provisional approval as been obtained for this location/move.

TALK TODAY



MENTAL HEALTH AWARENESS NIGHT FEBRUARY 22, 2025

\$5,000 Game Day Sponsor (limit 1)

- Logo on all promotional materials
(Including foam light up glow sticks to the first 1,000 fans in the Red Room)
- Logo on video board
- Recognition on Network's social media pages
- 2 people invited on the ice for the puck drop
- 2 Zamboni Riders
- 10 complimentary event tickets

\$2,500 Swag Bag Sponsor

- Logo on swag bags given out in Red Room
- Logo on video board
- Recognition on Network's social media pages
- Business logo displayed on sponsor board
- 6 event tickets

\$1,000 Red Room Sponsor

- Logo on video board
- Recognition on Network's social media pages
- Business logo displayed on sponsor board
- 4 event tickets

\$500 Hope Goal Sponsor

- Recognition on Network's social media pages
- Business logo displayed on sponsor board
- 2 event tickets



Our Mission: To prevent suicide through education, advocacy, connection to resources, and support for those impacted by suicide.

2025 Sponsorship Form

Please print and make sure that it reflects how you would like to appear in the event materials.

Sponsor Name: _____

Contact Person: _____

Mailing Address: _____

Phone: _____ Email: _____

Sponsorship Level

Please check one.

Game Day Sponsor - \$5,000

Swag Bag Sponsor - \$2,500

Red Room Sponsor - \$1,000

Hope Goal Sponsor - \$500



Please pay by Check (payable to Barb Smith SRRN) or Credit Card

Please fill out and return to info@srrn.net

Mailing Check

Visa

Mastercard

Card Number: _____ Exp. Date: ____/____ Security Code: _____

Billing Address: _____

Authorized Signature: _____

MENTAL HEALTH AWARENESS NIGHT WITH SAGINAW SPIRIT

SPONSORED BY THE BARB SMITH SUICIDE RESOURCE & RESPONSE NETWORK



TALK TODAY

THE SAGINAW SPIRIT AND THE BARB SMITH SUICIDE RESOURCE & RESPONSE NETWORK
INVITE YOU TO SUPPORT SUICIDE PREVENTION AND MENTAL HEALTH



SAGINAW SPIRIT VS. GUELPH STORM
SATURDAY, FEBRUARY 22, 2025
DOW EVENT CENTER



DOORS OPEN: 5:30PM - PUCK DROP: 7:05PM

Tickets are only \$18 | \$5 of each ticket purchased will go back to the network to help prevent suicide through education, advocacy, connection to resources, and support for those impacted by suicide

To order tickets, please use the QR Code
or visit <https://www.saginawspirit.net/groupsales/>

Group ID: Talk2025
Password: Spirit

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For more information, please contact us at 989-781-5260 or info@srrn.net



Bay-Arenac Behavioral Health Finance Committee
Certified Community Behavioral Health Clinic (CCBHC) Discussions
Updated, 1-8-25

Background

BABHA has been tasked with evaluating the regulatory, financial, legal and performance of the CCBHC model for consideration for the residents of Bay and Arenac Counties. The most salient questions relate to improved health care outcomes and long term sustainability of the model embedded in a community mental health service program (CMHSP).

BABHA has conducted interviews with executive, clinical and financial leadership of Ionia, Washtenaw, Clinton-Eaton-Ingham and Sanilac County CMHSPs to determine the impact of the CCBHC model on their existing service mission.

How have CCBHC services improved the care of your community

It has improved access and service penetration for all populations, particularly those with commercial insurance and non-specialty Medicaid. Also, they have noted significant increases in phone call volume and requests to support partner organizations in the community and increased public satisfaction with CMHSP services under the more defined core-CCBHC model

CMHSPs have developed more positive relationships with local Federal Qualified Health Centers (FQHC) to serve as an alternative provider for non-Medicaid cases; CMHSPs have embedded mental health outreach and psychiatric/prescriber services on site at the FQHC. There are additional improvement opportunities in the critical relationships with CCBHC-delegated Direct Care Organizations (DCOs) and substance use disorder providers. **For example, some CMHSPs have expanded their directly provided substance use services for outpatient and Medicaid assisted treatment to more effectively address co-occurring and primary care issues. Other CCBHCs have used DCO arrangements to expand their mild to moderate Medicaid population while remaining more cost competitive than traditional CMHSP services. Additionally, the indigent population faces less barriers to services through a CCBHC as compared to a CMHSP due to very limited general fund dollars and benefits.**

How well has your core CCBHC services aligned with your long term specialty services including community support and residential?

The core CCBHC services, 24/7 emergency response and stabilization, assessment and treatment, outpatient services, case management services, substance abuse services, peer support and veterans' services are easily built on existing CMHSP service arrays. **The adoption of "same day access" and "zero suicide" models have also enhanced traditional services.**

In general, the CCBHC population has more acute, primary care needs similar to the mild to moderate population rather than long term care service need associated with traditional specialty CMHSP services. **This has also permitted some CMHSPs to expand services to indigent/uninsured persons and more severe commercial cases that had eroded with non-**

Medicaid funding since 2014. In addition, the expanded mild to moderate population has encouraged re-evaluation of traditional emergency response options into new pathways for service access including a wider 24/7 service type availability, increased coordination and more group-based primary care. This requires a more robust CMHSP access array.

The MDHHS CCBHC team is competent but oftentimes implements state requirements that are even less flexible than the federal standards. MDHHS interacts with CCBHCs in the same recent experience as with PIHPs and CMHSPs but with more commitment to overall success of the demonstration.

Has the CCBHC structure and requirements permitted an expansion of CMHSP services to a broader population?

CCBHC has encouraged CMHSP emergency services and Mobile Response teams to expand their front line roles for community integration and leverage to expand certain services into rural areas **and offer a more inclusive continuum of care. In addition, the focus on recovery services (i.e. parent support, coaches and youth/peer support) and veterans mental health issues may be force multipliers for existing CMHSPs.** However, emergency services and MRT continue to be financial loss leaders in many rural areas.

The primary population expansion opportunities are for mild to moderate Medicaid, commercial insurance and uninsured individuals that historically have not needed acute CMHSP care but could benefit from components of the CCBHC model. **This has included expansion of basic outpatient care options to focus on as many active Medicaid beneficiaries as possible.**

Has your CCBHC expansion drawn consumers from outside your traditional catchment area?

Some cross boundary issues emerge with other CMHSPs but in general, the CCBHC has an obligation to meet the immediate needs of the consumer and then refer or coordinate a follow-up linkage with an alternative provider. **Some CCBHCs do report increased service boundary issues related to children and families moving/changing school districts. CCBHCs will divert individuals to their respective county for services such as ACT and home-based services in a manner similar to existing CMHSP practices.**

Has your health outcomes and primary care coordination improved under the CCBHC model?

The emphasis on health care screenings and co-located services encourages an integrated assessment of all health care outcomes. This inherently improves relationships and communication between primary and mental health care providers **and contributes to improved coordination by concentrating efforts on both the long term medical and mental health of shared populations.**

The CCBHC case management team uses a “group practice” approach focused on alleviating the immediate needs of consumers and transition planning to alternative provider arrangements such as the crisis stabilization team or outside providers. However, the CCBHC model has not yet outpatient services.

Has the CCBHC designation increased your CMHSP revenue stream, reduced expenses and/or made you less dependent upon Medicaid capitation funding?

The funding was plentiful the first years of the demonstration due to availability of block grants and redirected surpluses from other CCBHCs. **These factors have permitted several CMHSPs to build significant fund balances in a relatively short period of time.**

Other revenue increases have primarily been related to additional third party billing. This has required some return to traditional billing and accounting systems. This has also encouraged less dependence on PIHP Medicaid, assuming the CCBHC supplemental Medicaid prospect payment rate is based on a high and sustainable proportion of Medicaid v. non-Medicaid or indigent cases.

The challenge is to have sufficient general or local funds to cover any mild-moderate expenses not included in the supplemental rates. Some early adopter CMHSPs also have existing local millages for county-based mental health services to supplement local, grant and initial capital expenses.

It is anticipated that supplemental funding after years 3-4 will claw backward to actual utilization and may be insufficient to cover CCBHC expenses going forward. Unless a CMHSP develops a strong and sustainable source of unrestricted funds, the longer term prospect suggests that post-demonstration implementation in 2027 simply becomes cost shifting between the CCBHC prospective payments and the PIHP capitation payments, rather than additional Medicaid revenue. **Similarly, continued growth with the non-Medicaid population will result in increasing financial burdens on CCBHCs as more recent MDHHS rate adjustments have failed to adequately compensate for the cost of these services.**

How has your staff responded to CCBHC status and has it permitted more competitive compensation arrangements?

The overall organizational cultural change and commitment to the CCBHC has been positive and motivating for staff. The staff embrace of the model seems to be reflected in improved morale, customer service and community relationships. **It is important to incentivize both new and existing CMHSP staff in making the commitment to CCBHC. This is important as some staff have left CMHSP employment for private practice.**

The initial grant funding has permitted some CCBHCs to pay more competitively in order to attract professional staff, however this remains dependent upon the job market and has not necessarily resulted in fuller employment numbers. In addition, more recent CCBHC adopters have not reported the financial windfall of the original demonstration sites, nor did they not notice any advantages to staff recruitment.

Recommendations

- 1. BABHA pursues implementation of a reverse integration model such as CCBHC or Behavioral Health Homes for FY2026. This is based on the positive experiences reported by the CMHSPs including:**

- **Improved access and service penetration for all populations such as the mild to moderate and underinsured/indigent**
 - **More positive relationships with local Federal Qualified Health Centers (FQHC)**
 - **Encouraged expansion of CMHSP emergency services and Mobile Response teams for front line community integration and a more inclusive continuum of care.**
 - **Improved communication and coordination between primary and specialty care providers for concentration on both the long term medical and mental health of shared populations including expansion of SUD services to address co-occurring disorders.**
- 2. BABHA coordinates its choice of a reverse integration model in the context of both state and federal policy discussions over the next four months (February-April) including:**
- **Legislative response to release of the Governor’s Executive Budget proposal for FY2026 and inherent integration projects**
 - **Legislative response to MDHHS state-wide CCBHC effectiveness study required by FY2025 Appropriations Act.**
 - **Congressional Budget Reconciliation instructions to oversight committees related to Health and Human Services, Centers for Medicare/Medicaid Services and the Substance Abuse & Mental Health Services Administration concerning FY2026 entitlement and discretionary expenses.**
- 3. BABHA implements its reverse integration model once a sustainable financial pathway forward has been confirmed.**

**BAY-ARENAC BEHAVIORAL HEALTH AUTHORITY
POLICIES AND PROCEDURES MANUAL**

Chapter: 1	Organization		
Section: 3	Organization-Agency		
Topic: 11	Conflict of Interest – Mid-State Health Network		
Page: 1 of 12	Supersedes Date: Pol: 6-20-13 Proc: 6-1-18, 6-20-13	Approval Date: Pol: 11-15-18 Proc: 8-19-21	<hr/> <i>Board Chairperson Signature</i> <hr/> <hr/> <i>Chief Executive Officer Signature</i>
<small>Note: Unless this document has an original signature, this copy is uncontrolled and valid on this date only: 1/8/2025. For controlled copy, view Agency Manuals - Medworxx on the BABHA Intranet site.</small>			

DO NOT WRITE IN SHADED AREA ABOVE

Policy

It shall be the policy of Bay-Arenac Behavioral Health Authority (BABHA) to provide a means for any Covered Person to identify and report to the BABHA Board (the “Board”) any direct or indirect Financial Interest and any actual or potential Conflict of Interest concerning Mid-State Health Network and, based on that information, to permit the Board to review such Financial Interests and Conflicts of Interest and provide a process for the Board to follow when managing Conflicts of Interest, as they pertain to any direct or indirect arrangement with Mid-State Health Network, a regional entity created under MCL 330.1204b of the Michigan Mental Health Code, all in accordance with applicable law.

Purpose

The objective of this policy (this “Policy”) is to provide an effective oversight process to protect the interests of BABHA when contemplating a transaction, arrangement, proceeding or other matter involving Mid-State Health Network (MSHN) that might benefit the private interest of an individual or another entity. This Policy accomplishes this objective by defining Conflict of Interest, identifying individuals subject to this Policy, facilitating the disclosure of actual and potential Conflicts of Interest and Financial Interests and setting forth procedures to manage Conflicts of Interest. This Policy is intended to supplement, but not replace, any applicable state or federal laws governing conflicts of interests in governmental entities or charitable, tax exempt, nonprofit organizations.

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Education applies to

- All BABHA Staff
- Selected BABHA Staff, as follows: Executive Officers of BABHA
- All Contracted Providers: Policy Only Policy and Procedure
- Selected Contracted Providers, as follows:
 - Policy Only Policy and Procedure
- Other: BABHA Board Members who serve on the MSHN Board of Directors

Definitions

Conflict of Interest: A Conflict of Interest arises when a Covered Person, the Covered Person’s Family Member or an organization, in which the Covered Person is serving as an officer, director, trustee or employee, has a Financial Interest with MSHN, and that person participates or proposes to participate in a transaction, arrangement, proceeding or other matter between MSHN and BABHA.

Family Member: Means 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 stepfamily members, and any person(s) sharing the same living quarters in an intimate, personal relationship that could affect decisions of the Covered Person in a manner that conflicts with this Policy.

Financial Interest: A Covered Person has a Financial Interest if he or she has, directly or indirectly, actually or potentially, through a business, investment or through a Family Member:

- (a) An actual or potential ownership, control or investment interest in, or serves in a governance or management capacity for, MSHN with which BABHA has a transaction, arrangement, proceeding or other matter.
- (b) An actual or potential compensation arrangement with MSHN with which BABHA has a transaction, arrangement, proceeding or other matter; or
- (c) An actual or potential ownership or investment interest in, compensation arrangement with, or serves in a governance or management capacity for MSHN with which BABHA is contemplating or negotiating a transaction, arrangement, proceeding or other matter.

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Compensation includes direct and indirect remuneration, in cash or in kind.

Interested Person: A Covered Person who has a financial interest.

Covered Persons

Individuals covered under this Policy include any of the following who may have a relationship or affiliation with MSHN:

1. **Members of the BABHA Board.**
2. **BABHA officers,**
3. Members of committees of the BABHA Board with delegated authority from the Board, and
4. BABHA employees, independent contractors or agents who are responsible for the expenditure of federal or state government funds in excess of \$100 on behalf of the BABHA.

These individuals are collectively referred to in this Policy as “Covered Person(s).”

DUTIES OF COVERED PERSONS

1. **Duty of Care.**

Every Covered Person shall act in a reasonable and informed manner and perform his or her duties for BABHA in good faith and with the degree of care that an ordinarily prudent person would exercise under similar circumstances.

2. **Duty of Loyalty.**

Every Covered Person owes a duty of loyalty to act at all times in the best interest of BABHA and not in the interest of the Covered Person or any other entity or person. **No Covered Person may personally take advantage of a business opportunity that is offered to BABHA unless the Board determines not to pursue that opportunity, after full disclosure and a disinterested and informed evaluation.**

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3. **Conflicts of Interest.**

No Covered Person may engage in any transaction, arrangement, proceeding or other matter or undertake positions with MSHN that involve a Conflict of Interest, except in compliance with this Policy. Covered Persons should avoid not only actual but the appearance of Conflicts of Interest as well. **Every Covered Person shall:**

- (a) **Disclose all Financial Interests as set out below.**
- (b) **Unless a Conflict-of-Interest Waiver has been granted, recuse himself/herself from participating in discussions, deliberations or voting on any transaction, arrangement, proceeding or other matter involving MSHN in which he/she has a Financial Interest, and not be present during such discussions, deliberations or voting.** The interested Persons may respond to inquiries that the BABHA Board determines necessary for its discussions, deliberations and/or decisions.
- (c) Comply with any restrictions or conditions stated in any Conflict-of-Interest Waiver granted for the Covered Person’s activities; and
- (d) **Recuse himself/herself from, and not be present for, discussions, deliberations and voting in any matter that the Interested Person cannot act in the best interest of BABHA, regardless of whether a Conflict-of-Interest Waiver covers the matter at issue.** In the event that the Interested Person recuses himself/herself, he/she may respond to inquiries the BABHA Board determines necessary for its discussions and/or decisions.

PROCEDURE

1. **Duty to Disclose**

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Each Covered Person has a duty to disclose to the BABHA Board the existence of a Financial Interest and all related material facts.

2. **Disclosure of Financial Interests**

Each Covered Person shall submit in writing to BABHA’s Chief Executive Officer an Annual Financial Interest Disclosure Statement (Attachment A – Exhibit A) listing all Financial Interests and affirming compliance with the Conflict of Interest Policy. Each Covered Person shall update his/her Annual Financial Interest Disclosure Statement each year on the date designated by the Board for updating, and promptly when any new Financial Interests or potential Conflicts of Interest arise. The Chairperson of the Board shall review and become familiar with all submitted Financial Interest Disclosure Statements and updates in order to guide his/her conduct regarding the disclosed information. The Vice Chairperson of the Board shall review and become familiar with any Financial Interest Disclosure Statement submitted by the Chairperson of the Board.

The Board of Directors may request that a Covered Person(s) appear before the Board or submit written information to supplement or to answer questions regarding information disclosed on the Annual Financial Interest Disclosure Statement.

3. **Addressing Financial Interests and Conflicts of Interest**

- (a) Board Deliberation. After disclosing the Financial Interest, together with any additional oral or written presentation of material or discussion requested by the Board, the Interested Person shall leave the Board meeting while the Board discusses the information and votes regarding how to manage the Conflict of Interest and whether or not to grant a waiver. The Interested Person shall not take part in the Board’s due diligence deliberations.
- (b) Appointment of Disinterested Person. If the Board determines it is advisable, the Board may appoint a disinterested person to conduct further investigation regarding the reported Financial Interest and Conflict of Interest and make a report back to the Board.

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- (c) **Board Vote.** The Board, after exercising due diligence regarding the reported Financial Interest and Conflict of Interest, shall, by vote, make a determination as to whether or not BABHA can obtain a more advantageous transaction, arrangement, proceeding or other matter with reasonable efforts from another person or entity that would not involve the Interested Person, and the Financial Interest is so substantial as to be likely to affect the integrity of the services which BABHA may expect from the Interested Person. The Interested Person shall not take part in the Board’s due diligence deliberations or any vote on how to manage the Conflict of Interest and whether or not to grant a waiver.

- (d) **Granting a Conflict of Interest Waiver.** If the Board determines that it is not able, with reasonable efforts, to obtain a more advantageous transaction, arrangement, proceeding or other matter from another person or entity not involving the Interested Person, and that the Financial Interest is not so substantial as to be likely to affect the integrity of the services which BABHA may expect from the Interested Person, the Board may vote to waive the potential Conflict of Interest and proceed with the proposed transaction, arrangement, proceeding or other matter with MSHN and the Interested Person’s participation in the matter. A Conflict-of-Interest Waiver shall be made in writing and signed by the Chairperson of the Board on the Entity’s Conflict of Interest Waiver form (Attachment B – Exhibit B). The Conflict-of-Interest Waiver may restrict the Interested Person’s participation in the matter to the extent deemed necessary by the Board. Further, the Conflict-of-Interest waiver may cover all matters the Interested Person may undertake as part of his/her official duties with BABHA, without specifically enumerating such duties. All Conflict-of-Interest Waivers shall be issued prior to the Interested Person’s participation in any transaction, arrangement, proceeding or other matter with MSHN.

For an Interested Person who serves as a member of the BABHA Board or as a member of a Committee of the Board, the Conflict-of-Interest Waiver shall include a restriction that requires the Interested Person to recuse himself/herself from any and all discussions, deliberations and voting in proceedings arising out of a dispute between BABHA and MSHN. The Interested Person may respond to

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any inquiries the BABHA Board determines are necessary for its discussions, deliberations and decisions.

- (e) Notice to Interested Person. If the Board determines, by a majority vote of disinterested members, that it may, with reasonable efforts, obtain a more advantageous transaction, arrangement, proceeding or other matters from another person or entity not involving the Interested Person and/or that the Financial Interest of the Interested Person is so substantial as to be likely to affect the integrity of the services which BABHA may expect from the Interested Person and the BABHA Board votes to decline to waive the potential Conflict of Interest, the BABHA Board shall notify the Interested Person and may pursue such other transactions, arrangements, proceedings or other matters or restrict the Interested Persons participation in the matter, as the Board determines appropriate. The BABHA Board’s denial and reasoning shall be recorded in the Board Meeting Minutes pursuant to Section 5 of this policy/procedure.

- (f) Factors for Consideration When Granting a Waiver. In making a determination as to whether a Financial Interest is substantial enough to be likely to affect the integrity of the Interested Person’s services to BABHA, the Board shall consider, as applicable:
 - (i) The type of interest that is creating the disqualification (e.g., stock, bonds, real estate, cash payment, job offer or enhancement of a spouse’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 disqualifying 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).

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- (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; 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.
- (g) **Waivers Supported by Michigan Law.** Michigan law specifically provides support for granting a waiver of a Conflict of Interest arising under the following Conflict of Interest exception scenarios:
- (i) A BABHA Board member may be a party to a contract with a CMHSP or administer or financially benefit from that contract if the contract is between the CMHSP and MSHN.
 - (ii) A BABHA Board member may also be a member of the MSHN Board, even if MSHN has a contract with BABHA.
 - (iii) A BABHA Board may approve a contract with MSHN, if a BABHA Board member is also an employee or independent contractor of MSHN; and
 - (iv) BABHA public officers (e.g., Board members, officers, executives and employees) may also be Board members, officers, executives

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and employees of MSHN, even if MSHN contracts with the BABHA, subject to any prohibition imposed by the Michigan Department of Health and Human Services in that regard.

4. Policy Enforcement

- (a) If the Board has reasonable cause to believe that a Covered Person has failed to disclose actual or potential Financial Interests or Conflicts of Interest, the Board shall inform the involved Covered Person of the basis for such belief and afford the Covered Person an opportunity to explain the alleged failure to disclose.
- (b) If, after hearing the Covered Person’s response and after making such further investigation as may be required, the Board determines that the Covered Person has in fact failed to disclose an actual or potential Financial Interest or Conflict of Interest, the Board shall take appropriate corrective action.

5. Records of Proceedings

The minutes of the Board and all committees with Board-delegated powers shall contain:

- (a) The names of Covered Persons who disclosed or otherwise were found to have a Financial Interest, the nature of the Financial Interest, any due diligence investigation of the Financial Interest and potential Conflict of Interest, and the Board’s decision with regard to the matter. If a written waiver of a Conflict of Interest is granted, a copy of the written waiver shall be attached to the minutes of the meeting at which it was granted.
- (b) The names of all persons who were present for discussion and votes related to the transaction or arrangement involved in the Financial Interest, a summary of the content of the discussion, including any alternatives proposed to the transaction or arrangement, and a record of any vote taken in connection with the matter.
- (c) 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, and shall describe

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the Financial Interest, the proceeding, transaction or matter to which the Financial Interest applies, the Interested Person’s role in the proceeding, transaction or matter, and any restriction on the Interested Person’s participation in the proceeding, transaction or matter.

6. Compensation Committees

- (a) A voting member of the Board or any Board committee whose scope of authority includes compensation matters and who receives compensation, directly or indirectly, from the Entity, is precluded from voting on matters pertaining to his/her own compensation from the Entity.
- (b) No voting member of the Board or any Board committee whose scope of authority includes compensation matters and who receives compensation, directly or indirectly, from the Entity, is prohibited, individually or as part of a group, from providing information to the Board or any committee regarding compensation.

7. Annual Financial Interest Disclosure Statement

- (a) Annually, on a date to be determined by the Board, each Covered Person shall complete, sign and date a Financial Interest Disclosure Statement (see Attachment A – Exhibit A). The Financial Interest Disclosure Statement affirms that the signor:
 - 1. Has received a copy of this Policy.
 - 2. Has read and understands this Policy.
 - 3. Has agreed to comply with this Policy;
 - 4. Has disclosed on the Financial Interest Disclosure Statement all Financial Interests which the signor currently may have; and
 - 5. Will update the information on the Financial Interest Disclosure Statement promptly should a new Financial Interest arise, by completing a new Financial Interest Disclosure Statement.

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Attachments

N/A

Related Forms

BABHA Financial Interest Disclosure Statement
BABHA Conflict of Interest Waiver

Related Materials

NA

References/Legal Authority

1. Mental Health Code, 1974 PA 258, MCL 300.1001 to 300.2106
2. 1978 PA 566, MCL 15.181 to 15.185 (incompatible public offices)
3. 1968 PA 317, MCL 15.321 to 15.330 (contracts of public servants with public entities)
4. 45 CFR Part 74 (Federal Procurement Regulations)
5. 45 CFR Part 92 (Federal Procurement Regulations)
6. 42 USC 1396a (Federal Medicaid Statute)
7. Michigan Medicaid State Plan
8. 18 USC 208 (Federal Conflict of Interest Statute)
9. IRS Conflict of Interest Guidelines, Policies and Pronouncements for Charitable Tax-Exempt Nonprofit Entities

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SUBMISSION FORM				
AUTHOR/REVIEWER	APPROVING BODY/COMMITTEE/SUPERVISOR	APPROVAL/REVIEW DATE	ACTION (Deletion, New, No Changes, Replacement or Revision)	REASON FOR ACTION - If replacement list policy to be replaced
C. Pinter	Regional Oversight Committee and BABHA Board of Directors	06/20/13	New	New Policy to reflect policy/procedures on Conflict-of-Interest issues for new Mid-State Region.
Christopher Pinter	BABHA Board of Directors	6/1/18	Clarification of conflict-of-interest requirements	Triennial Review by legal counsel
Christopher Pinter	Christopher Pinter	8/19/21	Revision	Triennial Review
K. Amon	C. Pinter	8/14/2024	No changes	Triennial Review