

AGENDA

BAY ARENAC BEHAVIORAL HEALTH

BOARD OF DIRECTORS

FINANCE COMMITTEE MEETING

Wednesday, April 9, 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	Others Present:
Tim Banaszak, Ch	_____	_____	_____	Pam Schumacher	_____	_____	_____	BABH: Marci Rozek, Chris Pinter, and Sara McRae
Sally Mrozinski, V Ch	_____	_____	_____	Pat McFarland, Ex Off	_____	_____	_____	
Jerome Crete	_____	_____	_____	Robert Pawlak, Ex Off	_____	_____	_____	
Christopher Girard	_____	_____	_____	Richard Byrne, Ex Off	_____	_____	_____	Legend: M-Motion; S-Support; MA-Motion Adopted; AB-Abstained
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 March 31, 2025 4.2) Update on Vocational & Clubhouse Services Contracts 4.3) Lawn Service Bid Report		4.1) Consideration of motion to refer the investment earnings reports for period ending March 31, 2025 to the full Board for information 4.2) No action necessary 4.3) Consideration of motion to refer awarding the lawn services to Pro-Scape Landscaping for the Arenac County site and Great Lakes Hydro Seeding for Bay County sites to the full Board for approval

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	4.4) Finance April 2025 contract list		4.4) Consideration of motion to refer the Finance April 2025 contract list to the full Board for approval
	4.5) Midstate Health Network (MSHN) Interest Distribution 2024		4.5) No action necessary
	4.6) 2024 Retirement System Annual Reports		4.6) No action necessary
	4.7) Medicaid Advocacy Update		4.7) No action necessary
	4.8) Strategic Initiative Updates & Dashboard Reports		4.8) No action necessary
5.	Adjournment	M -	S - pm MA

Bay-Arenac Behavioral Health Authority
Estimated Cash and Investment Balances March 31, 2025

Balance March 1, 2025	5,661,971.85
Balance March 31, 2025	5,056,814.12
Average Daily Balance	4,472,947.84
Estimated Actual/Accrued Interest March 2025	12,868.00
Effective Rate of Interest Earning March 2025	3.45%
Estimated Actual/Accrued Interest Fiscal Year to Date	98,881.48
Effective Rate of Interest Earning Fiscal Year to Date	3.51%

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

Cash Available - Operating Fund

	Rate	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25
Beg. Balance Operating Funds - Cash,													
Cash equivalents, Investments		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	5,777,598	5,192,261
Cash in		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	11,895,758	12,023,619	12,246,135
Cash out		(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)	(13,903,259)	(12,608,956)	(12,852,949)
Ending Balance Operating Fund		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	5,777,598	5,192,261	4,585,448
Investments													
Money Markets		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	5,777,598	5,192,261	4,585,448
90.00													
180.00													
180.00													
270.00													
270.00													
Total Operating Cash, Cash equivalents, Invested		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	5,777,598	5,192,261	4,585,448
Average Rate of Return General Funds		4.08%	4.08%	4.08%	4.08%	4.08%	4.05%	3.70%	3.61%	3.57%	3.50%	3.48%	3.45%
		4.08%	4.05%	4.08%	4.05%	4.08%	3.72%	3.70%	3.52%	3.48%	3.30%	3.38%	3.30%
Average		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	6,868,080	6,532,916	6,208,338

Cash Available - Other Restricted Funds

	Rate	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25
Beg. Balance-Other Restricted Funds -													
Cash, Cash equivalents, Investments		450,072	451,922	453,841	455,706	457,642	459,585	461,413	463,216	464,891	466,575	468,220	469,711
Cash in		1,850	1,919	1,865	1,935	1,943	1,828	1,803	1,675	1,684	1,645	1,491	1,656
Cash out													
Ending Balance Other Restricted Funds		451,922	453,841	455,706	457,642	459,585	461,413	463,216	464,891	466,575	468,220	469,711	471,366
Investments													
Money Market		451,922	453,841	455,706	457,642	459,585	461,413	463,216	464,891	466,575	468,220	469,711	471,366
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		451,922	453,841	455,706	457,642	459,585	461,413	463,216	464,891	466,575	468,220	469,711	471,366
Average Rate of Return Other Restricted Funds		5.00%	5.00%	5.00%	5.00%	5.00%	4.99%	4.84%	4.84%	4.84%	4.84%	4.84%	4.84%
		5.00%	5.00%	5.00%	5.00%	5.00%	4.84%	4.84%	4.84%	4.84%	4.84%	4.84%	4.84%
Average		446,359	447,294	448,229	449,170	450,117	451,058	463,216	464,054	464,894	465,725	466,523	467,330
Total - Bal excludes payroll related cash accounts		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	6,245,818	5,661,972	5,056,814
Total Average Rate of Return		4.19%	4.19%	4.18%	4.19%	4.19%	4.17%	3.84%	3.71%	3.63%	3.58%	3.52%	3.51%

**Bay-Arenac Behavioral Health
Report of Bids for Lawn Care
April 9, 2025**

Site: Arenac Center

Vendor	Mowing	Shrub Trimming	Seasonal Cleanup	Weed Spraying	Misc Services
Pro-Scape Landscaping	\$70.08/visit	\$75/hour	Spring & Fall - \$60/hour	\$128.92/visit	

Site: Horizon Home

Vendor	Mowing	Shrub Trimming	Seasonal Cleanup	Weed Spraying	Misc Services
Great Lakes Hydro Seeding	\$50/visit	\$145/visit	Spring - \$95 Fall - \$95	\$75/visit	\$55/hour + materials

Site: Madison Building

Vendor	Mowing	Shrub Trimming	Seasonal Cleanup	Weed Spraying	Misc Services
Great Lakes Hydro Seeding	\$50/visit	\$145/visit	Spring - \$240 Fall - \$115	\$175/time	\$55/hour + materials

Site: Parish Road

Vendor	Mowing	Shrub Trimming	Seasonal Cleanup	Weed Spraying	Misc Services
Great Lakes Hydro Seeding	\$100/visit	\$95/visit	Spring - \$205 Fall - \$205	\$170/visit	\$55/hour + materials
Pro-Scape Landscaping	\$146.22/visit	\$75/hour	Spring & Fall - \$60/hour	\$151.39/visit	

Recommended for Arenac County site: Pro-Scape Landscaping

Recommended for Bay County sites: Great Lakes Hydro Seeding

**Bay-Arenac Behavioral Health
Finance Council Board Meeting
Summary of Proposed Contracts
April 9, 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	N	DEAF C.A.N. (Sylvan Lake, MI) ASL Interpretation Services	\$0	\$130/hour up to the first 2 hours; \$65/each addl. hour + mileage, round trip	5/1/25 - Ongoing	Y	New Provider
2	M	Flatrock - Fenton South (Fenton, MI) 1 BABHA individual moving to this location	\$0	\$542.39/day	3/25/25 - 9/30/25	Y	N
3	N	Hickory Hollow Specialized Residential (Flint, MI) CLS home has obtained licensure and entering into Residential Type A contract effective the date the licensure was obtained	\$0	\$749.76/day + up to 16 hours of 1:1 staffing @ \$25.50/hour	3/11/25 - 9/30/25	Y	N
4	T	Hickory Hollow Specialized Residential (Flint, MI) Termination of the CLS contract due to the home becoming licensed	\$12.06/unit	\$0	Terminated eff. 3/10/25	Y	N
5	T	Disability Network of Mid-Michigan Termination of the contract for CLS services	\$6.59/unit	\$0	Terminated eff. 5/31/25	Y	N
6	M	Noble Pathway Pediatric Therapy Services Increase to the 97153 service code	\$13.13/unit	\$16.50/unit	11/1/24 - 9/30/25	Y	N
7	ES/S	Touchstone Services, Inc. 6 month contract extension	Cost settled contract	Cost settled contract	4/1/25 - 9/30/25	Y	N
8	N	Westwood Specialized Residential (Flint, MI) CLS home has obtained licensure and entering into Residential Type A contract effective the date the licensure was obtained	\$0	\$749.76/day + up to 16 hours of 1:1 staffing @ \$25.50/hour	3/17/25 - 9/30/25	Y	N
9	T	Westwood Specialized Residential (Flint, MI) Termination of the CLS contract due to the home becoming licensed	\$12.06/unit	\$0	Terminated eff. 3/16/25	Y	N
Admin/Other Services							
10	R	DocuSign eSignature module <i>Business Pro Addition - up to 5 users</i> <i>Premier support</i>	\$1,913/year \$287/year	\$2,400/year \$360/year	4/20/25 - 4/19/26	Y	N
11	R	Pro-Scape, Inc. Lawn care - 1000 Cedar, Standish Mowing Shrub trimming Seasonal cleanups Weed spraying	\$53/service \$65/hour \$55/hour N/A	\$70.08/service \$75/hour \$60/hour \$128.92/service	5/1/25 - 4/30/27	Y	N
12	R	Great Lakes Hydro-Seeding & Landscaping Lawn care - 1717 Horizon, Essexville Mowing Shrub trimming Seasonal cleanups Weed spraying	\$45/service \$48/hour \$48/hour N/A	\$50/service \$145/visit \$95/visit \$75/visit	5/1/25 - 4/30/27	Y	N
13	R	Great Lakes Hydro-Seeding & Landscaping Lawn care - 1010 N Madison, Bay City Mowing Shrub trimming Seasonal cleanups Weed spraying	\$45/service \$48/hour \$48/hour N/A	\$50/service \$145/visit Spring - \$240/visit & Fall - \$115/visit \$175/visit	5/1/25 - 4/30/27	Y	N
14	R	Great Lakes Hydro-Seeding & Landscaping Lawn care - 1961 Parish, Kawkawlin Mowing Shrub trimming Seasonal cleanups Weed spraying	\$95/service \$48/hour \$48/hour N/A	\$100/service \$95/visit \$205/visit \$170/visit	5/1/25 - 4/30/27	Y	N
SECTION II. SERVICES PROVIDED BY THE BOARD (REVENUE CONTRACTS)							
SECTION III. STATE OF MICHIGAN GRANT CONTRACTS							
SECTION IV. MISC PURCHASES REQUIRING BOARD APPROVAL							
15	N	Wood Law Firm, PLLC Bay County Probate Court/Guardianship Matter	\$0	\$1,500 retainer fee \$300/hour for attorney services \$150/hour for support staff services	N/A	N/A	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:

**Mid-State Health Network
Interest Distribution for Fiscal Year 2024**

Entity	PEPM Revenue	Percent of Total Revenue	Total Interest Earned*
Bay-Arenac	52,394,198	8.54%	57,236.46
CEI	143,326,786	23.35%	156,573.01
Central	118,802,461	19.36%	129,782.15
Gratiot	17,868,017	2.91%	19,519.37
Huron	10,632,097	1.73%	11,614.71
The Right Door	18,879,719	3.08%	20,624.58
Lifeways	79,473,871	12.95%	86,818.83
Montcalm	21,954,225	3.58%	23,983.23
Newaygo	17,228,607	2.81%	18,820.87
Saginaw	87,997,659	14.34%	96,130.38
Shiawassee	23,327,687	3.80%	25,483.63
Tuscola	<u>21,917,643</u>	3.57%	<u>23,943.27</u>
Totals	613,802,970	100.00%	670,530.49

Per the Mid-State Health Network Operating Agreement, any non-Medicaid funds generated by the Entity will be distributed to the CMHSP Participants on a proportional basis as local revenue to the maximum extent allowed by Medicaid and/or MDHHS.

*Total Interest Earned includes interest earned on MSHN operational funds; interest earned on PA2 funds and ISF funds is excluded.

The Protecting Local Government Retirement and Benefits Act (PA 202 of 2017) & Public Act 530 of 2016 Pension Report

Enter Local Government Name	Bay-Arenac Behavioral Health Authority	Instructions: For a list of detailed instructions on how to complete and submit this form, visit michigan.gov/LocalRetirementReporting .
Enter Six-Digit Municode	097517	
Unit Type	Authority	
Fiscal Year End Month	September	
Fiscal Year (four-digit year only, e.g. 2019)	2024	Questions: For questions, please email LocalRetirementReporting@michigan.gov . Return this original Excel file. Do not submit a scanned image or PDF.
Contact Name (Chief Administrative Officer)	Marci Rozek	
Title if not CAO	Chief Financial Officer	
CAO (or designee) Email Address	mrozek@babha.org	
Contact Telephone Number	989-895-2228	
Pension System Name (not division) 1	Bay County Employees' Retirement System	If your pension system is separated by divisions, you would only enter one system. For example, one could have different divisions of the same system for union and non-union employees. However, these would be only one system and should be reported as such on this form.
Pension System Name (not division) 2		
Pension System Name (not division) 3		
Pension System Name (not division) 4		
Pension System Name (not division) 5		

Line	Descriptive Information	Source of Data	System 1	System 2	System 3	System 4	System 5
1	Is this unit a primary government (County, Township, City, Village)?	Calculated	NO	NO	NO	NO	NO
2	Provide the name of your retirement pension system	Calculated from above	Bay County Employees' Retirement System				
3	Financial Information						
4	Enter retirement pension system's assets (system fiduciary net position ending)	Most Recent Audit Report	68,551,433				
5	Enter retirement pension system's liabilities (total pension liability ending)	Most Recent Audit Report	68,984,641				
6	Funded ratio	Calculated	99.4%				
7	Actuarially Determined Contribution (ADC)	Most Recent Audit Report	592,092				
8	Governmental Fund Revenues	Most Recent Audit Report	73,783,394				
9	All systems combined ADC/Governmental fund revenues	Calculated	0.8%				
10	Membership						
11	Indicate number of active members	Actuarial Funding Valuation used in Most Recent Audit Report	229				
12	Indicate number of inactive members	Actuarial Funding Valuation used in Most Recent Audit Report	39				
13	Indicate number of retirees and beneficiaries	Actuarial Funding Valuation used in Most Recent Audit Report	164				
14	Investment Performance						
15	Enter actual rate of return - prior 1-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	13.41%				
16	Enter actual rate of return - prior 5-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	9.99%				
17	Enter actual rate of return - prior 10-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	8.07%				
18	Actuarial Assumptions						
19	Actuarial assumed rate of investment return	Actuarial Funding Valuation used in Most Recent Audit Report	7.25%				
20	Amortization method utilized for funding the system's unfunded actuarial accrued liability, if any	Actuarial Funding Valuation used in Most Recent Audit Report	Level Percent				
21	Amortization period utilized for funding the system's unfunded actuarial accrued liability, if any	Actuarial Funding Valuation used in Most Recent Audit Report	20				
22	Is each division within the system closed to new employees?	Actuarial Funding Valuation used in Most Recent Audit Report	No				
23	Uniform Assumptions						
24	Enter retirement pension system's actuarial value of assets using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	69,417,989				
25	Enter retirement pension system's actuarial accrued liabilities using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	69,587,892				
26	Funded ratio using uniform assumptions	Calculated	99.8%				
27	Actuarially Determined Contribution (ADC) using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	1,196,993				
28	All systems combined ADC/Governmental fund revenues	Calculated	1.6%				
29	Pension Trigger Summary						
30	Does this system trigger "underfunded status" as defined by PA 202 of 2017?	Primary government triggers: Less than 60% funded <u>AND</u> greater than 10% ADC/Governmental fund revenues. Non-Primary government triggers: Less than 60% funded	NO	NO	NO	NO	NO

Requirements (For your information, the following are requirements of P.A. 202 of 2017)

Local governments must post the current year report on their website or in a public place.

The local government must electronically submit the form to its governing body.

Local governments must have had an actuarial experience study conducted by the plan actuary for each retirement system at least every 5 years.

Local governments must have had a peer actuarial audit conducted by an actuary that is not the plan actuary OR replace the plan actuary at least every 8 years.

Enter Local Government Name	Bay-Arenac Behavioral Health Authority	Instructions: For a list of detailed instructions on how to complete and submit this form, visit michigan.gov/LocalRetirementReporting .
Enter Six-Digit Municode	097517	
Unit Type	Authority	
Fiscal Year End Month	September	
Fiscal Year (four-digit year only, e.g. 2019)	2024	
Contact Name (Chief Administrative Officer)	Marci Rozek	Questions: For questions, please email LocalRetirementReporting@michigan.gov . Return this original Excel file. Do not submit a scanned image or PDF.
Title if not CAO	Chief Financial Officer	
CAO (or designee) Email Address	mrozek@babha.org	
Contact Telephone Number	989-895-2228	
OPEB System Name (not division) 1	Bay County Retiree Health Care Plan	If your OPEB system is separated by divisions, you would only enter one system. For example, one could have different divisions of the same system for union and non-union employees. However, these would be only one system and should be reported as such on this form.
OPEB System Name (not division) 2		
OPEB System Name (not division) 3		
OPEB System Name (not division) 4		
OPEB System Name (not division) 5		

Line	Descriptive Information	Source of Data	System 1	System 2	System 3	System 4	System 5
1	Is this unit a primary government (County, Township, City, Village)?	Calculated	NO	NO	NO	NO	NO
2	Provide the name of your retirement health care system	Calculated from above	Bay County Retiree Health Care Plan				
3	Financial Information						
4	Enter retirement health care system's assets (system fiduciary net position ending)	Most Recent Audit Report	25,666,398				
5	Enter retirement health care system's liabilities (total OPEB liability)	Most Recent Audit Report	10,338,798				
6	Funded ratio	Calculated	248.3%				
7	Actuarially determined contribution (ADC)	Most Recent Audit Report	-				
7a	Do the financial statements include an ADC calculated in compliance with Numbered Letter 2018-3?	Most Recent Audit Report	YES				
8	Governmental Fund Revenues	Most Recent Audit Report	73,783,394				
9	All systems combined ADC/Governmental fund revenues	Calculated	0.0%				
10	Membership						
11	Indicate number of active members	Actuarial Funding Valuation used in Most Recent Audit Report	231				
12	Indicate number of inactive members	Actuarial Funding Valuation used in Most Recent Audit Report	-				
13	Indicate number of retirees and beneficiaries	Actuarial Funding Valuation used in Most Recent Audit Report	88				
14	Provide the amount of premiums paid on behalf of the retirants	Most Recent Audit Report or Accounting Records	488,006				
15	Investment Performance						
16	Enter actual rate of return - prior 1-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	13.67%				
17	Enter actual rate of return - prior 5-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	9.37%				
18	Enter actual rate of return - prior 10-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	7.17%				
19	Actuarial Assumptions						
20	Assumed Rate of Investment Return	Actuarial Funding Valuation used in Most Recent Audit Report	7.00%				
21	Enter discount rate	Actuarial Funding Valuation used in Most Recent Audit Report	7.00%				
22	Amortization method utilized for funding the system's unfunded actuarial accrued liability, if any	Actuarial Funding Valuation used in Most Recent Audit Report	Level Percent				
23	Amortization period utilized for funding the system's unfunded actuarial accrued liability, if any	Actuarial Funding Valuation used in Most Recent Audit Report	12				
24	Is each division within the system closed to new employees?	Actuarial Funding Valuation used in Most Recent Audit Report	No				
25	Health care inflation assumption for the next year	Actuarial Funding Valuation used in Most Recent Audit Report	7.25%/6.5%				
26	Health care inflation assumption - Long-Term Trend Rate	Actuarial Funding Valuation used in Most Recent Audit Report	3.50%				
27	Uniform Assumptions						
28	Enter retirement health care system's actuarial value of assets using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	25,666,398				
29	Enter retirement health care system's actuarial accrued liabilities using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	10,605,514				
30	Funded ratio using uniform assumptions	Calculated	242.0%				
31	Actuarially Determined Contribution (ADC) using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	-				
32	All systems combined ADC/Governmental fund revenues	Calculated	0.0%				
33	Summary Report						
34	Did the local government pay the retiree insurance premiums for the year?	Accounting Records	YES				
35	Did the local government pay the normal cost for employees hired after June 30, 2018?	Accounting Records	YES				
36	Does this system trigger "underfunded status" as defined by PA 202 of 2017?	Primary government triggers: Less than 40% funded AND greater than 12% ARC/Governmental fund revenues. Non-Primary government triggers: Less than 40% funded	NO	NO	NO	NO	NO

Requirements (For your information, the following are requirements of P.A. 202 of 2017)
Local governments must post the current year report on their website or in a public place
The local government must electronically submit the form to its governing body.
Local governments must have had an actuarial experience study conducted by the plan actuary for each retirement system at least every 5 years
Local governments must have had a peer actuarial audit conducted by an actuary that is not the plan actuary OR replace the plan actuary at least every 8 years.



April 3, 2025

The Honorable Mike Johnson
Speaker of the House
United States House of Representatives
Washington, D.C. 20003

The Honorable John Thune
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Hakeem Jeffries
Minority Leader
United States House of Representatives
Washington, D.C. 20003

The Honorable Chuck Schumer
Minority Leader
United States Senate
Washington, DC 20510

Dear Speaker Johnson, Majority Leader Thune, Minority Leader Jeffries, and Minority Leader Schumer:

A healthy, productive America is a goal that we all should strive to meet as it makes our nation stronger. Inherent in that effort is ensuring that our nation's health care system is strong, efficient, and effective. The Medicaid program plays a critical role by providing access to health care services for those most vulnerable and in need, supporting safety-net providers — particularly in rural and underserved communities — and delivering a cost-effective coverage option. The cuts under consideration would have a direct impact on Medicaid beneficiaries and their ability to access needed health care. It is with this understanding that the Modern Medicaid Alliance (MMA) and its allies write to express our deep concerns and opposition to proposals as part of any joint budget resolution that would require significant reductions in federal funding to the Medicaid program to meet its targets. We urge the Senate and the House of Representatives to reject cuts to Medicaid as work continues to develop the joint fiscal year 2025 budget resolution.

The MMA is a partnership that includes leading U.S. advocacy organizations that value Medicaid. Its mission is to educate policymakers and the public about the program's benefits and to promote understanding of Medicaid's role in improving the lives of individuals and communities across the U.S. The members of the MMA and its supporters urge Congress to reject proposals that would reduce program funding or impose arbitrary, bureaucratic barriers that hinder access to care, burden providers, or otherwise undermine the stability of our nation's health care system.

Medicaid has proven to be an efficient and effective program. A reflection of the value of the program is the high level of support among Americans, with 76% expressing a favorable view, including 60% of Republicans and Trump voters.^{1,2} Medicaid provides essential access to care for children, people with disabilities, seniors, caregivers, veterans, and workers at low-wage jobs that do not offer health benefits. What is more, the vast majority of beneficiaries who can work

¹ <https://data.modernmedicaid.org/MMA/>

² <https://www.kff.org/medicaid/poll-finding/kff-health-tracking-poll-public-views-on-potential-changes-to-medicaid/>

do so: 92% of non-disabled adults under 65 who rely on Medicaid are either working, caring for a family member, managing an illness or disability, or attending school.³

Medicaid also serves as a vital foundation for critical health care providers. Rural, community, and children's hospitals rely on Medicaid to sustain services, and rural communities will be hit hardest by cuts to Medicaid funding which would force hospital closures, eliminate maternity care, limit access to other essential services, and lay off staff.^{4,5} The resulting losses to core health care infrastructure will endanger access to lifesaving care for everyone who lives in the affected communities.

Medicaid also covers 63% of nursing home residents nationwide, filling the gap left by Medicare's limited long-term care benefit. Since many residents remain in nursing homes well beyond the few weeks Medicare typically covers, Medicaid is essential to meeting the high cost of care and ensuring continued access.⁶

The program is equally vital for providers serving children, veterans, those with disabilities, caregivers, and those with behavioral health conditions living in the community. Hospitals and clinics depend on Medicaid to cover care for low-income patients, and cuts to funding would sharply increase uncompensated care costs — driving up medical debt, imposing added financial pressure on state and local governments, and shifting costs to those with private coverage. Health center leaders warn that even a small shift in patients from Medicaid to uninsured status could force clinics to reduce services or close locations, jeopardizing access to cost-effective primary care and medical services in communities.

While we appreciate that Congress is faced with challenging decisions, we strongly believe, as does the American public, that the correct course is to protect and preserve the Medicaid program and reject proposals to cut federal funding and apply policies that result in the loss of coverage. We look forward to working with you and stand ready to share constituent stories highlighting the value and importance of the Medicaid program.

Sincerely,

AARP
AASA, The School Superintendents Association
Academy of Managed Care Pharmacy
ADVION (formerly National Association for the Support of Long Term Care)
AHIP
Alliance for Aging Research
Alliance for Rights and Recovery

³ <https://www.kff.org/medicaid/issue-brief/5-key-facts-about-medicicaid-work-requirements/>

⁴ <https://pmc.ncbi.nlm.nih.gov/articles/PMC6904260/>

⁵ <https://www.americanprogress.org/article/medicaid-block-grants-and-per-capita-caps-jeopardize-state-budgets-health-care-access-and-public-health/>

⁶ <https://medicareadvocacy.org/wp-content/uploads/2025/02/Issue-Brief-Medicaid-and-Nursing-Homes.pdf>

Alliance for Women's Health and Prevention
Alliance of Community Health Plans (ACHP)
American Academy of Family Physicians
American Academy of Pediatrics
American Association for Community Psychiatry
American Association of Nurse Practitioners
American Association on Health and Disability
American Cancer Society Cancer Action Network
American College of Nurse-Midwives
American College of Obstetricians and Gynecologists
American Foundation for Suicide Prevention
American Nurses Association
American Psychological Association Services
American Society of Addiction Medicine
American Speech-Language-Hearing Association
Asian & Pacific Islander American Health Forum (APIAHF)
Association for Community Affiliated Plans
Association of People Supporting Employment First (APSE)
Asthma and Allergy Foundation of America
Autistic Self Advocacy Network
Blue Cross Blue Shield Association
Caregiver Action Network
Caring Across Generations
CHC: Creating Healthier Communities
Children's Hospital Association
CommunicationFIRST
Community Catalyst
CureLGMD2i
Depression and Bipolar Support Alliance (DBSA)
Families USA
Federation of American Hospitals
Global Liver Institute
Health Care Transformation Task Force
Healthcare Leadership Council
Healthy Schools Campaign
HealthyWomen
Huntington's Disease Society of America
International Society of Psychiatric Mental Health Nurses
Justice in Aging
Kaiser Permanente
Lakeshore Foundation
LeadingAge
Legal Action Center
LGMD2D Foundation
Little Lobbyists

Lutheran Services in America
Medicaid Health Plans of America (MHPA)
Mental Health America
Mission: Motherhood
NAACP
NAADAC, the Association for Addiction Professionals
National Adult Day Services Association
National Alliance for Caregiving
National Alliance on Mental Illness
National Association of Addiction Treatment Providers
National Association of Community Health Centers
National Association of Pediatric Nurse Practitioners
National Association of Rural Health Clinics
National Council for Mental Wellbeing
National Disability Rights Network (NDRN)
National Federation of Families
National Health Council
National League for Nursing
National Rural Health Association
New Hampshire Psychological Association
NHMH - No Health without Mental Health
Nurses Who Vaccinate
Pennsylvania Psychological Association
Policy Center for Maternal Mental Health
Postpartum Support International Utah Chapter
Postpartum Support International Arizona Chapter
Providence
RetireSafe
School-Based Health Alliance
Speak Foundation
TASC, Inc. (Treatment Alternatives for Safe Communities)
TASH
Tennessee Association of Adult Day Services
The American Counseling Association
The Arc of the United States
The National Collaborative for Transformative Youth Policy
The National Service Office for Nurse-Family Partnership and Child First
Treatment Communities of America
Trinity Health
UnidosUS
United Spinal Association
Young People in Recovery
Youth Power Project



THE UNITED STATES
CONFERENCE OF MAYORS



The Council
of State
Governments



February 19, 2025

The Honorable John Thune
Majority Leader
United States Senate

The Honorable Mike Johnson
Speaker
United States House of Representatives

The Honorable Chuck Schumer
Minority Leader
United States Senate

The Honorable Hakeem Jeffries
Minority Leader
United States House of Representatives

RE: Proposed Changes to Medicaid Financing and Requirements

Dear Majority Leader Thune, Speaker Johnson, Minority Leader Schumer, and Minority Leader Jeffries,

As a coalition of bipartisan membership organizations representing state legislatures, mayors, cities, and counties, we are committed to working collaboratively to strengthen the Medicaid program so that states and localities can continue to meet the needs of their residents effectively. We write to express concern over proposed changes to Medicaid financing and requirements that could significantly impact state and local budgets, healthcare infrastructure, and millions of Americans who rely on the program. Medicaid is a federal-state-local partnership that provides health coverage to approximately 79 million Americans, including children, seniors, people with disabilities, and low-income adults. It covers 38 million children, funds 40% of all births, supports rural hospitals, and is the largest payer of long-term care and behavioral health services. Expansion has provided additional federal funding to 41 states, increasing access to care, particularly for those with substance use disorders.

Policy changes that mandate specific eligibility requirements and alter the fiscal makeup of the program threaten Medicaid's effectiveness and reduce state flexibility in program design. Such changes have costly implications, leading to significant coverage losses for beneficiaries and increased medical debt, with unclear long-term savings. For example, reducing the 90% federal match rate for Medicaid expansion could cut federal spending by \$561 billion over nine years, forcing states to either drop expansion or absorb higher costs—jeopardizing coverage for millions and harming state economies. Likewise, proposals such as per capita caps or block grants that do not account for increases in health costs or fluctuations in enrollment would shift financial risks to states and counties. The Congressional Budget Office estimates that half of those losing Medicaid coverage under such changes would become uninsured, leading to higher medical debt, uncompensated care costs, and potential hospital closures, particularly in rural areas.

Medicaid accounts for over half of all federal funds to states and is the largest source of federal funding for state budgets, making it essential to states' ability to design and administer healthcare programs that meet the unique needs of their populations. Preserving state flexibility and preventing significant funding cuts are both critical to ensuring Medicaid can be tailored to local priorities, as such cuts would severely limit this ability, forcing states to reduce services, restrict eligibility, or shift costs to local governments. These reductions would jeopardize access to affordable healthcare and long-term services and place an unsustainable financial burden on states and counties, which often serve as payers of last resort.

We look forward to continuing our work together as intergovernmental partners to enhance the Medicaid program and ensure that states and localities can effectively serve their residents.

Sincerely,



Tom Cochran
CEO & Executive Director
The United States Conference
of Mayors



Clarence E. Anthony
CEO & Executive Director
National League of Cities



Matthew D. Chase
Executive Director/CEO
National Association of Counties



Tim Storey
Executive Director
National Conference of State
Legislatures



David Adkins
CEO and Executive Director
The Council of State Governments



Marc Ott
CEO & Executive Director
International City/County
Management Association

Cc: The United States House of Representatives
The United States Senate

[1] ABMJ Consulting, "Economic Effects of Medicaid Expansion in Montana: 2025 Update." [2025-MedEx-Economic-Impacts_FINAL.pdf](#). [2] The Colorado Health Foundation. "Assessing the Economic and Budgetary Impact of Medicaid Expansion in Colorado: FY 2015-16 through FY 2034-35." [Medicaid_Expansion_Full_ONLINE_.PDF](#)

WHEREAS, The State of Michigan is required by MCL 330.1116 “...to promote and maintain an adequate and appropriate system of community mental health services programs” (CMHSPs) and “shift primary responsibility for the direct delivery of public mental health services from the state to a community mental health services program...”; and

WHEREAS, The State of Michigan is required by MCL 330.1202 to “financially support, in accordance with chapter 3, community mental health services programs that have been established and that are administered according to the provisions of this chapter.”; and

WHEREAS, The Bay County Board of Commissioners and the Arenac County Board of Commissioners established by enabling resolution in 2001, Bay-Arenac Behavioral Health (BABHA), a community mental health authority as provided for in MCL 330.1210; and

WHEREAS, BABHA is required by MCL 330.1206 and 1208 to “provide a comprehensive array of services and supports to residents of Bay and Arenac Counties with the most severe forms of mental illness, intellectual/developmental disabilities, and serious emotional disturbances”; and

WHEREAS, Bay and Arenac Counties have experienced significant increases in service demand since the end of the public health emergency that parallels national trends indicating the United States is enduring a significant mental health crisis, with nearly one in three adults experiencing anxiety and depression symptoms during 2023ⁱ; and

WHEREAS, This problem is particularly acute among children and youth to the degree that the American Academy of Pediatrics and others have declared a National emergency in child and adolescent mental health since 2021ⁱⁱ with suicide as the second leading cause of death among youth ages 10 to 24ⁱⁱⁱ; and

WHEREAS, The increases in service demand specific to BABHA are reflected in nearly all service categories but are particularly dramatic in the areas of inpatient psychiatric hospitalization, services to children and families and services related to autism; and

WHEREAS, the Michigan Department of Health and Human Services (MDHHS) distributes Medicaid behavioral health funding to the CMHSPs on the basis of a capitated rate setting process and a shared regional risk contract; and

WHEREAS, Although BABHA capitation revenues increased 6% between 2021 and 2025, actual Medicaid expenses increased approximately 26% during this same period. As a result, several CMHSPs are struggling to meet the financial obligations of the Medicaid program at the same time unspent behavioral health funds for 2024 were returned by MDHHS to the State Treasury^{iv}; and

WHEREAS, The current projection is that both Medicaid Mental Health and Healthy Michigan behavioral health line items may be underspent again by a combined \$280 million in 2025;

THEREFORE BE IT RESOLVED, that Bay County urges MDHHS to take the actions necessary to distribute the actual legislative appropriation for fiscal year 2025 to the CMHSP system. These funds are needed to address the increasing expenses related to service demand, enrollment issues, medical inflation, and legislative changes such as unemployment and earned sick time enacted in the last year; and

BE IT FURTHER RESOLVED, that Bay County urges MDHHS to re-evaluate the upcoming fiscal year 2026 Medicaid rate setting process against the additional factors noted above and make the adjustments necessary to sustain the Medicaid specialty behavioral health program across all CMHSPs in Michigan; and

BE IT FINALLY RESOLVED, that a copy of this resolution be provided to Governor Gretchen Whitmer, Senate Majority Leader Winnie Brinks, Speaker of the House Matt Hall, Senator Michele Hoyenga, Representative Timothy Beson, Representative Mike Hoadley, MDHHS Director Elizabeth Hertel, the Michigan Association of Counties, and all Michigan counties.

ⁱ N. Panchal, H. Saunders, R. Rudowitz, & C. Cox, “The Implications of COVID-19 for Mental Health and Substance Use” (Washington: KFF, March 20, 2023)

ⁱⁱ American Academy of Pediatrics, AAP-AACAP-CHA Declaration of a National Emergency in Child and Adolescent Mental Health, Statement (October 19, 2021)

ⁱⁱⁱ L. Hua, J. Lee, M. Rahmandar, & E. Sigel, “Suicide and Suicide Risk in Adolescents,” *Pediatrics*, 153, no. 1(2024): e2023064800

^{iv} Michigan House Fiscal Agency, “FY2023-24 Supplemental Appropriations Summary: House Passed, Article 7, House Bill 4161 (H-2), March 6, 2025.

